STANIAL

FINANCIALTIMES



of Barings

Art of the memo

"Ace" Greenberg's humble oeuvre



Direct injection New MMC engine in quantum leap



Today's survey

International **Telecommunications**

Survey, Separate section

World Business Newspaper http://www.FT.com **EU** may risk breach of beef

export rules

The European Union risks breaching internationally agreed beef export limits because of falling European demand sparked six months ago by fears over mad cow disease. It could bring increased pressure for radical reform of the Common Agricultural Policy aimed at curbing beef production. The warning is spelt out by the Irish presidency in a paper prepared for EU farm ministers who are to meet early next week at Killarney, Ireland.

Fears over insider trading: The US Securities and Exchange Commission fears that power to enforce rules governing insider trading could be affected because of a ruling which may narrow the definition of insider trading in US courts. Page 5

US in talks with Kurd leader: Massoud Barzani, the Kurdish leader allied to Iraq, is in Turkey for talks with Robert Pelletreau, the US assistant secretary of state for near eastern affairs, and Turkish leaders. Page 8

VW in \$1bn Beetle plans: Volkswagen aims to invest \$1bn in a new factory at Puebla, near Mexico City, for the "New Beetle", a successor to the famous 1930s model. The car will be launched in 1997. Page 6

Israel criticised over homes approval: Israeli defence minister Yitzhak Mordechai was criticised by Palestiniana and peace activists for approving a plan to build nearly 2,000 homes in Matityahu, a Jewish settlement in the West

Laidlaw sale to raise \$1,7bn: Ontario-based waste and transport services group Laidlaw will get almost US\$1.7bn for its solid waste business from Allied Waste Industries of Arizona. Page 18

California acts over child molesters: California became the first US state to force serial child molesters to have their sex drive lowered with drugs. Offenders will be given injections after leaving prison on parole.

Manila warned over mining: Leading mining companies have warned the Philippine government that its commitment to develop the country's vast gold reserves - the seventh largest in the world - would be at risk if it bowed to pressure from domestic environmental groups. Page 14 .

Tax bill test for Menenn: Argentine president Carlos Menem's ability to rally his Peronist party was tessed as senior politicisms tried to push through a tough austerity bill aimed at raising \$500 more in taxes each year.



Eleven North Korean inflitrators who were found dead had been shot, possibly by one of their number who then used the gun on himself, South Korea's defence ministry said: A twelfth was captured alive and another eight or nine were still at large. They are all thought to have been put ashore by a submarine (above). Page 4

Tambrands to close plants: US Tampax maker Tambrands revealed plans to close factories in Ireland and France but to expand its plant in England in a streamlining operation. The restructuring will bring pre-tax savings of \$20m a year from 1998. Page 18

Papon to stand trial: A French appeals court ordered former cabinet minister Maurice Papon, 86, to stand trial for crimes against humanity. He is accused of sending 1,690 Jews, including 223 children, from wartime France to their deaths in Nazi extermination camps.

Fund number ousted: Peter Young, the Morgan Grenfell fund manager suspended after being accused of "gross misconduct", has been dismissed, the company said.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

	# GOLD
E STOCK MARKET HOICES	
NASDAO Composite1,204.42 (+1.11)	Rew Yerk: Cornex (Dec) _\$388.3 (386.1
Europe and Fer East CAC40 2,072.73 (-8.13) DAX 2,625.7 (-2.83) FT-SE 100 3,955.7 (-16.6)	close _\$363.3 (383.45
Mikdel	New York hacking
Federal Funds	DM1.50965 Fr5.1405 SFr1.24155
3-min Treas Bills: Yid5.26% Long Bond	Y109.155
R OTHER RATES	£1.5606 (1.555) DM1.5084 (1.5143
UK: 3-mo intertenk 552% (54%) UK: 10 yr Gilt 5715 (981) France: 10 yr OAT 102.0 (102.14)	SF1.2407 . (1.2437
Germany: 10 yr Bund _100.54 (100.55) Japan: 10 yr JGB101.2542 (101.254)	
M NORTH SEA Of (Argus)	M STERLING
Brent Dated\$22.45 (21.9)	DM23537 (2.3548

Albenia LSK 275 Gibraitur CD.75 Lifturania Ls 18.00 Omer CR13.00 Shishin Shishin Olini, 300 Hong Kong H6520 Malta Lsq.70 Shigapore S54.30 Belgium SF75 Hungary P.279 Morecook Albrid Slowik Rp St75 Control Carch Rp K570 India Ca

© THE FINANCIAL TIMES LIMITED 1996 No 33,082

Lucy Kellaway, Page 12



THURSDAY SEPTEMBER 19 1996

Deficit increases by 43% as imports of cars, oil and electronics soar

US trade gap jumps to \$11.7bn

The US trade deficit in goods and services deteriorated markedly in July, resulting in the worst monthly showing since the government began issuing combined merchandise and services trade figures in

The poor results are one of the weaknesses in the glowing economic picture President Bill Clinton paints on the cam-paign trail for the November

The deficit soured by 43 per cent during the month to \$11.7bn as imports of cars, electronics and oil surged and aircraft exports fell, the Commerce department said.

adviser to Senator Robert blamed "the underlying Dole, the Republican presidential candidate, said the trade which spurs demand for consector is "a glaring deficiency in Clinton's record that goes to the heart of middle-class anxiety in this country". Mr Mickey Kantor, Com-

merce secretary and a leading Clinton campaign adviser, put the best interpretation on the figures, halling the "prospects for long-term improvement" as exports to Japan rise, the trade deficit with Mexico stabilises, and the rise in the deficit with

A sharp fall in aircraft exports, which are notoriously volatile, contributed significantly to the deterioration. Foreign sales fell by \$686m in

July to \$356m. Commerce also which has been falling, wid-blamed "the underlying ened by \$1.1bn to \$4.3bn. Howwhich spurs demand for consumer goods imports.

But many economists say the overall trend is deteriorating, and will drag on the econ-omy in the third quarter. The figures also raise doubts about the effectiveness of the Clinton administration's aggressive export strategy to restore lost manufacturing jobs.

The trade picture was disappointing in almost every mar-ket. Trade balances eroded with every country except Canada and Mexico. The balance with Western Europe widened to a record \$4.2bn from \$0.8bn in June. The deficit with Japan,

ever, Japanese trade figures for August, also published yes-terday, showed the fall resum-

Imports from China hit a record \$4.8bn, a 17 per cent rise led by an increase of \$252m in toys and games, \$159m in clothing and \$106m in

Oil imports jumped 10 per cent to \$4.7bn, the highest monthly total since October

The goods deficit increased by \$2.9bn in June to \$17.5bn. while the sarvices surplus decreased by \$0.6bn from June to \$4.8bn. However, the Coali-tion of Service Industries said

its record yearly level of \$68.3bn in 1995. Exports of travel and trans-

portation fell, while exports of royalties and licencing fees d "other private services" . including financial services, education, telecommunications, professional services and insurance - rose.

Mr Larry Chimerine, of the

Economic Strategy Institute, a Washington think tank, said the US deficit, particularly with Asia, is now structural and unaffected by exchange rates, macroeconomic conditions or growth in other coun-

Japanese surplus falls, Page 4 Currencies, Page 23 World stocks, Page 34

SBC takes SFr3.3bn charge against loan losses

By William Hall in Zurich

Swiss Bank Corporation, Switzerland's third biggest bank, has taken a SFr3.3bn (\$2.7bn) charge and radically changed the way it provides against future loan losses

As a result, SBC, which implemented a top management reshuffle both at group level and at its SBC Warburg investment banking subsidiary a year ago, will report a one-time "technical loss" of SFr1.9bn for 1996.

SBC had expected to achieve a net income of SFr1.4bn this year. This will now be offset by a SFr2.4bn special reserve. which is being established as part of the new statistically based provisioning policy, and a SFr910m write-off of part of the bank's property portfolio. SBC's action comes less than

three months after CS Holding, the financial group built around Credit Suisse, said it would restructure its domestic

The group plans to close around a quarter of its domes tic outlets, cut 1,700 jobs from its 13,000-strong domestic workforce and force its highrisk corporate borrowers to pay higher interest rates. It believes that these measures will raise earnings by around SFr400m in the medium term and will enable the group to nearly double its return on equity to 15 per cent and free up between SFr800m to SFr1ba of equity capital.

SBC's shares rose by more than 2 per cent yesterday to close at SFr241.5, helped by the news that instead of prying a dividend of SFr8 for 1896 the directors would pr reducing share capital iny making a tax-free capital repayment of SFr10 a share. Mr Hans Kaufmann, head of strategy at Bank Julius Baer,

was surprised by the extent of the property provision. The Swiss economy has been in recession for most of the past six years and the group says that there has been a

Continued on Page 14 SBC tackles problems, Page 16 WSM, Page 34

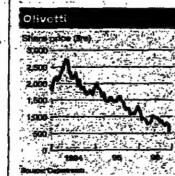
Ex-chairman of Olivetti regains control

Paul Taylor and William Lawis

Mr Carlo De Benedetti yesterday regained full control over the board of Olivetti after Mr Francesco Cato resigned as chief executive of the Italian information technology group. The board voted unani-

utive of Sogefi, the Italian ing company, owns 57 per cent general meeting if any reshuf-of Sogefi and 15 per cent of fle of the board failed to meet Olivettl.

Olivetti's share price has group, following the resignstion of Mr De Benedetti, the group's largest shareholder, as tion of the group, and a judicial investigation into the half-



year figures, still overshadowed Mr Caio's attempt to open a new phase in the group's develop

Supporters of Mr De Benedetti said yesterday that Mediobanca, the powerful Milan merchant bank, which owns a stake in Olivetti, had backed Mr De Benedetti in his effort to reshuffle the managemously to nominate Mr ment - the third change in as Roberto Colaniumo, chief exectinany months.

But several of Olivetti's automotive components com- institutional shareholders pany, in Mr Caio's place Cir, warned that they were likely Mr De Benedetti's quoted hold- to call for an extraordinary their expectations.

In particular, they said they fallen more than 30 per cent in were keen to ensure that Mr the two weeks since Mr Calo De Benedetti was not reaptook tighter control of the pointed as chairman and wanted the company immediately to sell or close down its personal computer subsidiary chairman. The shares recov- a source of persistent losses ered slightly yesterday, but and restructuring costs. Inves-doubts over the financial positors holding approximately 25 per cent of Olivetti have formed a group which has met twice to discuss possible

Speaking ahead of last night's board meeting Mr Talal Shakerchi, head of European equities at Old Mutual, which holds about 2 per cent of Olivetti and is a member of the shareholder group, said that "if we are disappointed then there is a very high likelihood"

Lex, Page 14; Olivetti's

Izetbegovic wins Bosnian election



Alija lzetbegovic waves Moslem Party of Democratic Action after being elected Bosnia's head of state. Mr Izetbegovic, who has been president of Bosnia since the first free elections in 1990, narrowly won the race for the chairmanship of Bosnia's tripertite presidency - one Moslem, one promise, Page 16; World Serb and one Croat, Report, stocks, Page 34

France tailors budget to meet Maastricht targets

By David Buchan in Paris

The French government announced a draft 1997 budget yesterday which would cut the central state deficit by only FFr4bn (\$780m), because spending cuts will be almost totally absorbed by tax reduc-

But the government said deficit would be 3 per cent of monetary union

The government is largely counting on a one-off payment of FFr37.5bn from France Talecom, in return for the state assuming the utility's pension liabilities, to achieve the Maastricht deficit target of 3 per

World Trade Name

majority with tax cuts before as the start of a five year tax-the 1998 parliamentary elec-tions. He also sought to reas-with a last minute decision to sure the financial markets and France's European Union partners that it would meet next year's qualifying test to join the currency union in 1999.

After the budget, the franc fell back slightly, losing one centime to close in Paris at that next year's overall public FFr8.407 against the D-Mark national output, exactly the the deficit down from an estifigure needed for France to mated FFr288bn this year to gain its passport to European FFr288.7bn next year, or 3.45 per cent of gross domestic product. By pruning FFr60hn for Emu. from this year's spending prothe government jections, intends to hold the line on

Taking a predicted 1.5 per cent rate of inflation next year, this will entail a cut in real In the 1997 budget, Mr Alain terms. But the government has Juppé, prime minister, sought also pledged to slice FFr25ho to placate his own centre-right off general income tax in 1997.

CONTENTS

expenditure.

pay early FFr15bn in savings premiums to poorer families outside the income tax net. The government is confident

that the France Telecom payment, and certain other nonbudgetary funds, can be included in deficit calculations under the Maastricht defini-The new budget will bring tion. It has gained preliminary approval from the European sible for making final proposals on which countries qualify

But the fact that the government is resorting to such items to reach the 3 per cent target, 16 months before the end of the 1997 budget year, may leave it little in reserve.

France held its breath, Page 3 Editorial Comment, Page 13 Lex. Page 14

OPENING DOORS to success

There is no greater endorsement of a successful management ream than a public floration. CVC deals have an enviable record in this respect. To date more than 30 have gone public with a combined value in excess of £4 billion. Recent flotations such as Belhaven Brewery Group PLC, Toolex Alpha, and Victrex PLC confirm the continuing success of CVC-backed managers.

LET'S TALK

If you are a manager who may have the opportunity to become an owner, or if you are an adviser to management, or a potential vendor, you should talk to CVC first. Our door is always open.

We turn managers into owners

CVC CAPITAL PARTNERS

AMSTERDAM . FRANKFURT - JERSEY . LONDON MADRID - MILAN - PARIS - STOCKHOLM CVC Capital Patters Cataled in a member of the SFA

Foreign Exchanges23

Gold Markons.

FT/SP-A Wild Indicat ____ 24 Landon SE _

LONDON - LEEKS - PARIS - FRANKFYRIT - STOCKHOLM - MADED - WEN YORK - LOS JURGLES - TOKYO - MONG KOMM

y fatule.

strength.

- And - And

By David White in Madrid

Mr José María Aznar, Spanish prime minister, said yesterday a freeze on public sector wages next year was "indispensable" for meeting budget targets and confirmed plans for a levy on insurance policies to help plug the government's reve-

nue gap. In an effort to prepare public opinion for a tough 1997 budget, Mr Aznar proposed an inter-party consensus on the future of the country's health system, similar to an outline pact reached early last year for reforming state

Health expenditure is at the centre of discrepancies between Mr Aznar's centreright Popular Party government and Catalan nationalists whose support is needed to carry the budget bill in parliament. Mr Aznar said health spending was set to increase 6 per cent next year but warned that the budget could not meet all demands. The government was in talks with the pharmaceutical industry to try to bring

He said the budget, due to be presented to parliament by the end of the month, would involve spending cuts of Pta800bn (\$6.3bn). The government is also counting on Pta400bn in additional revenues to trim the overall public sector deficit to 3 per cent of gross domestic product, the level required to qualify for the European single currency.

Mr Aznar confidently reaffirmed his election pledge to be part of the first group of single-currency countries in

"Spain will be there," be said. But he promised that he would not increase income taxes, corporate taxes or value-added tax rates to meet the target and that pensions would be maintained in line with inflation.

The plan for a levy of around 4 per cent on non-life insurance policies is the lates, in a series of schemes floated in recent weeks as possible extra revenue sources. The government has already discarded the idea of charging motorists for using state-maintained trunk roads, as well as a proposed surcharge on water

It has also decided to exclude from the budget bill a controversial plan for a flat-rate prescription charge applied to pensioners who obtain free medicines, as well as other Spaniards, on top of the 40 per cent they contribute to the price of drugs under the state

Mr Aznar said he would do everything possible" to fulfil his promise to bring income tax down from the top rate of 56 per cent to 40 per cent in the next four years, but made clear this would not happen immediately.

To avoid higher taxes new ways would have to be found to finance infrastructure projects, he said. On Tuesday, the head of his budget office, Mr José Barea, said infrastructure spending would fall by Pta100bn-Pta150bn next year.

Mr Aznar's aplomb was somewhat unsettled when he was challenged about accepting the loan of an industrialist's house for his seaside holiday. He asked whether he was expected "to put up a tent on the beach".

THE FINANCIAL TIMES
Published by The Financial Times (Europe)
Gaubil, Nibelungenglatz 3, 60318 Frankfurt am Main, Germany, Telephone ++49
69 156 850, Fax ++49 69 396 4381. Represented in Frankfurt by J. Wainer Brund,
Wilhelm J. Brinsel, Cohn A. Kemtard as
Geschäftsführer and in London by David
C.M. Bell, Cheirman, and Alan C. Miller,
Depoty Chairman, Shareholders of the
Financial Times (Europe) Gmbli are The
Financial Times (Europe) Lidd, London and
F.T. (Germany Advertising) Ltd, London
Sareholder of the above mentioned two
companies is: The Financial Times Limited.
Number One Southwark Bridge. London
SEI 9HL. THE FINANCIAL TIMES

GERMANY:
Responsible for Adversoring Culin A. Kennerd. Primer: Hürniyet International Verlanguatellachaft mbH. Admiral-RosendulniStrasse 3., 63263 Neut issenburg ISSN 01747363. Responsible Editor: Rechard Lumbert, olo The Financial Times Limited,
Number One Southwark Bridge, London
SEI 9HL.
FRANCE:
PRANCE:
Philishing Director: P. Maraviglia. 42 Rus-

FRANCE: Publishing Director: P. Maravoglia. 42 Ruc-La Bottic. 75048 PARIS. Telephone (01): 5376-8254. Fax (01): 5376-8255. Printer: SA. Nord Erlair. 15721 Ruc de Cane, F.59100 Routoix Cedes 1. Editor: Richard Lambort. 1589. 1148-2753. Commission Parjanire No 67803D. SWEDGO: Publisher: Hugh Carnogy 468

SWEDEN:
Responsible Publisher: Hugh Carnegy 468
618 6088. Printer. AB Kvillstidingsen
Expressen, PO Box 6007, S-550 66,
Jönköpung.
C The Financial Times Limited, Number on The Financial Times Limited, Number One Southwark Bridge, Lundon SEI 91L.
R

Pasok is doing well, but victory is not assured, says Kerin Hope

Socialists switch to market economics for Greek poll win

niou, Greece's economy minister. tumbles out of his white BMW breathless and late for an election speech in Petralona, a staunchly left-wing district of Athens.

His message to the crowd outside Stavroula's, a whitewashed taverna in traditional style, is that the Panhellenic Socialist Movement's tight fiscal policies have restored confidence in the economy and boosted growth through investment. But it is still not clear whether these will be enough to secure victory for Pasok in Sunday's general

"Greece is a successful country," he declares, thumping a plastic table-cloth. "We have a strong economy, a stable currency Deutschmark, and for the first time in 22 years, singledigit inflation.

election.

Socialist candidates are stuffing their speeches with economic statistics, following the example of Mr Costas Simitis, the prime minister. instead of making comfort-ing but vague pledges of future prosperity, he emphasises Greece's improving macroeconomic indicators in relentless detail both on tele vision and in speeches in provincial towns.

Mr Papantoniou, a Cambridge-educated economist whose avowed ambition is to push Greece into joining the proposed single currency by the year 2001, has no qualms about launching into a discussion of interest rate policy with his audience. Residents of Petralona

small businessmen, public sector employees and pensioners, including returned 'guest-workers" from Ger-

European

amid a bleak ass

new millennium.

parliament

members yesterday deliv-

ered a sharp attack on what

they saw as lack of vision

and will by the European

Union's political leaders,

In parliament's second

annual debate on the state of

the EU, speakers warned of

"disillusionment" in the

Union. Leaders of all main

parties accused the EU of

being out of touch with its

citizens, of losing credibility,

and of failing to address the

important questions of the

MEPs listed criticisms,

including lack of progress in

the six-month-old inter-gov-

ernmental conference on

reforming the EU, failure to

tackle unemployment and

crime, and damage to the

Union's image from mishan-

"The credibility of the

Union is crumbling away," said Mr Gijs de Vries, leader

of the parliament's liberal

democratic group. "The

Union is degenerating into

an organisation of goals

without means, of promises

without consequences,

Ms Pauline Green, leader

of the dominant Socialist

bloc, talked of a "general

mood of disillusion and

depression. The Union is dis-

mally uninspiring. Indeed, to

the overwhelming number of

people it is completely irrele-

vant." Ms Cristiana Muscar-

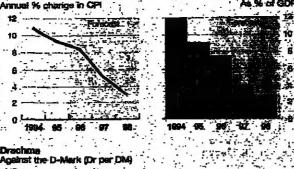
dini, leader of non-aligned

words without actions."

dling of the beef crisis.

the "state of the Union".

Greece: getting the basics right Annual % change in CPI



in borrowing and mortgage rates as well as the drachma's stability. Capital market liberalisation, launched in the early 1990s by a conservative government and encouraged by Pasok, has turned Athenians into discriminating consumers of financial products.

Mr Stathis Sidiropoulos, a

furniture-maker, says he now finances his business in foreign currency "because interest rates are much lower and the drachma has appreciated quite a bit against the Ecu this year". Pasok's willingness to write marxism out of its charter, launch fiscal reforms and embrace privatisation, albeit cautiously, has attracted support from Greek businessmen for whom Mr Simitis appears to guarantee stability.

Euro MPs in attack

on lack of EU vision

Mr Theo Waigel, Germany's finance minister, yesterday insisted there could be no

dilution of the criteria for

European economic and

monetary union, writes

EU economic and finance

ministers are due to discuss

his idea of a stability tax at

an informal meeting in Dub-lin, Mr Waigel warned that

financial markets would

punish any attempt to sur-

round the criteria with

uncertainty.
"We can accept no tricks,"

he told the Ludwig Erhard

Foundation in Bonn. He rejected the suggestion that Germany adjust its deficit to

take account of its large net

transfers to other EU states

EU could be described as

MEPs regularly grumble

about the slow progress of EU initiatives and their own

lack of influence. Yet the

strength of language from all

sides appeared to surprise

Mr Jacques Santer, Euro-

pean Commission president,

and Mr John Bruton, prime

minister of Ireland, which

holds the rotating EU presi-

dency, who opened yester-

were the main object of par-

liament's reproaches. But

criticism was implied of Mr

Santer's failure to win EU

states' backing for projects such as his "confidence

pact" for employment, and

creation of trans-European

transport and communica-

Member states' ministers

day's debate.

Speaking two days before

Peter Norman in Bonn.

the socialist camp also reflects mistrust of the conservative New Democracy (ND) party's economic poli-cies. Mr Militiades Evert, the ND leader, has proposed measures that could derail the reform effort, including substantive tax breaks for farmers and the self-em-

Mr Papantoniou forecasts growth in Greece's gross domestic product of 2.6 per cent this year, rising above 3 per cent next year. It is based on a sharp rise in investment deriving from inflows from EU structural funds for modernising roads and airports and from Greek companies' ambitions to boost exports to eastern and the former Soviet Union. But radical Socialists are

upset by what they see as

and so bring it below the

3.5-4 per cent of gross

domestic product widely

expected for this year and

closer to the 3 per cent Maastricht limit. "Three per

cent is 3 per cent, not 3.2

per cent, 3.4 per cent, or 3.5

Mr Waigel said the stabil-

ity pact must incorporate a

system of economic survey-

ance which would act as an

states with excessive deficits

would lodge interest-free

could become fines if they

Mr Klaus Hänsch, parlis-

ment's president, chided EU

states for failing to back

these projects with funding

and action. To withhold

Eculbn (\$1.27bn) financing

for trans-European networks

when the EU spent the same

amount amually subsidising

the tobacco industry denoted

"poverty not just of finances.

Mr Bruton and Mr Santer

sought after the debate to

highlight the European

Union's achievements, argu-

ing its existence had pre-

vented war in western

Europe for 50 years. "The Union will never achieve the

tained through war," Mr

failed to reform.

but of spirit".

under Mr Simitis into a probusiness party, speeded up founder, Mr Andreas Papandreou. Dissidents have flocked to the Democratic Renewal Movement, a splinter group founded by Mr Dimitris Tsovolas, a former Socialist finance minister. who says the state, which still accounts for about 45 per cent of Greece's GDP.

should retain its grip on the

Mr Alecos Velentzas, an undecided Socialist, listened carefully as Mr Papantoniou outlined Pasok's jobs strategy, dismissing concern about the rising unemployment rate - now above 10 per cent of the workforce for the first time - on the erounds that EU-funded projects would create large numbers of new jobs.

Pasok is preparing such detailed plans for unemployed people, offering them a choice of benefits, or training or subsidies for employers - as if there's going to be lots of jobs on the line."

The Socialists' worry is that dissidents could give the Democratic Renewal Movement as much as 5 per cent of the vote, which could be enough to unseat Mr Simitis and hand a marginal victory to the New Democracy

Mr Tsovolas reminds his supporters that Greece's economic recovery is fragile, requiring sacrifices next year to bring inflation and government deficit within reach of the Maastricht targets for monetary

Bringing inflation down from 8.5 per cent last month to under 6 per cent next year will be a struggle. Wages in the private sector are up by about 11 per cent this year, while public sector workers are benefiting from produc-tivity bonuses which ensure that wage rises this year will exceed inflation.

Another battle looms over reducing the deficit next year from 7.6 per cent to 4.2 per cent of GDP. While Mr Papantoniou stresses that no new taxes will be introduced and Mr Simitis sounds stern about reducing tax evasion, not much is said on the campaign trail about cutting expenditure.

The economy ministry's plans for trimming over Dr400bn (\$1.6bn) off government spending next year include a 12-month freeze on public sector hiring, budget caps on smaller public entities that escaped earlier attempts to curb spending and closures of out-dated

EUROPEAN NEWS DIGEST

Lukashenko 'tapped phones'

The chairman of the Belarusan constitutional court vesterday accused President Alexander Lukashenko of uniting wire taps on telephones of the country's senior leaders, mending its top judges. Mr Valery Tikhinia.
Belarus's senior judge, said he had been told his home and office telephones were bugged by a sympathetic official in the president's personal security service.

The charge is the most recent episode in what many observers have described as Belarus's accelerating slide towards dictatorship. This summer, for the first time since the collapse of the Soviet Union, two leading Belarusan opposition politicians were granted asylum by the US. Many fear the situation could become worse later this year, if Mr Lukashenko goes through with his threats to disband parliament.

UK hails Swiss over Nazi gold

Britain welcomed Swiss government efforts to clear up the fate of Nazi gold that may linger in Swiss bank vaults, British foreign secretary Malcolm Rifkind said yesterday. Mr Rifkind also said relations between London and Berne were good, despite allegations raised by a British government report that the Swiss returned only about one-tenth of Nazi gold demanded by the Allies after the

econd world war.

Mr Rifkind spoke after meeting his Swiss counterpart. Mr Flavio Cotti, for talks that included Berne's plans for a commission of experts to study the extent and fate of both Nazi and Jewish riches deposited in neutral Switzerland during the conflict.

Austria tax compromise

The Austrian coalition government yesterday announced changes in its controversial law imposing a 30 per cent social security tax on contract or freelance work. After several weeks of negotiations, the Social Democrats and the conservative People's party agreed to raise the exemption for the levy on contract work from Sch3,600 (\$338) to Sch7.000 a month.

The new tax was implemented in July and was designed to add more than Schibn to the depleted coffers of the national health and pension insurance system. But critics warned that the measure would destroy thousands of jobs and induce companies to shift their operations abroad.

Faced with protests from professionals who work on a contract basis, the People's party insisted on doubling the exemption and threatened otherwise to vote for an opposition initiative to kill the law. The latest amendmen employees with minor side jobs, but will also reduce the contribution to the national budget. Eric Freu. Vienno

French ex-minister for trial

The Bordesuz appeals court yesterday ordered former cabinet minister Maurice Papon, 86, to stand trial for crimes against humanity for sending Jews from wartime France to their deaths in Nazi extermination camps. He was only the second Frenchman to be sent to trial for such crimes. Former militia officer Paul Touvier was jailed for life in 1984, and died in prison this year aged 81.

Papon, who rose to be Parls police chief in the 1960s and a Gaullist budget minister in the 1970s before his second world war role was exposed, is accused of having ordered deportation of 1,690 Jews, including 223 children, in 1942-44 when he was secretary-general of the Bordeaux regional administration. Most were later gassed at the Auschwitz death camp. The Bordeaux court sent Papon to a jury trial in an assize court on charges of being an accomplice to the murder and kidnapping of 10 convoys of

Kussian revenue crisis eases

A government revenue crisis prompted by a plunge in tax collections is easing because of emergency measures taken last month, a top Russian finance ministry official said yesterday. Mr Vladimir Petrov, first deputy finance minister, said further improvements are expected as a ult of the approximately 60 revenue-raising measure In September, the situation has clearly started to improve, it's visible in the weekly data," he told the Kommersant daily.

He said tax revenues will meet budget targets for the rest of the year thanks to the new measures, which will aise 30,000bn roubles (\$5.6bn) by the year end. The revenue crisis has threatened Russia's \$10bn loan deal with the International Monetary Fund and left the government unable to cover wages, utility bills and other

Chernobyl fears eased

Increased radiation levels measured at the Chernobyl nuclear plant were due to faulty measuring equipment, the Finnish Centre for Radiation and Nuclear Safety said yesterday. The centre quoted a Ukrainian nuclear safety lirector at a meeting of the International Atomic Energy Agency (IAEA) in Vienna as saying that manual radiation rements taken inside the plant had not shown anything out of the ordinary.
ECONOMIC WATCH

Finland cuts key interest rate

from 3.25 per cent to 3.10
per cent – a record low
level. Long-term interest
rates in Finland are now
within 0.5 per cent of
benchmark German rates.
The central bank said the
latest cut was prompted
by a stable outlook for
splich is running at an annual rate of 1.5 per

cut its key interest rate for the second time within a month yesterday, fuelling speculation in financial markets that Helsinki will shortly move its currency into the European exchange rate mechanism The tender rate was cut

1

Finland's central bank

inflation, which is running at an annual rate of 1.5 per cent. It followed repeated recent intervention in money markets by the central bank to sell the markka and was seen as part of an effort to hold down the currency's level ahead of a move into the ERM, widely expected in Helsinki to take place as early as this weekend.

Finland's Social Democratic-led government has rignalled it wants to join the ERM as a prelude to signalled it wants to join the Erich as a preside to becoming a founder member of the planned European monetary union in 1999. Hugh Carnegy, Stockholm

Sweden had a current account surplus of Skr2.8bn

(\$420m) in July following a revised surplus of Skr6bn in June, the Swedish central bank reported. The June figure was revised up to Skr6bn from the previously published Average market expectations were for a July surplus of

Average market expectations were for a bury surplic Skr4bn. In June 1995, Sweden had a current account surplus of Skr2.5bn, the bank said. ■ Industrial orders for the six months to June fell 4.4 per cent from a year earlier, said Istat, the Italian statistics organisation. In June, industrial orders fell 15.4 per cent year-on-year, said Istat. For the six months to June. industrial sales were up 0.7 per cent year-on-year. In June. they fell 7.5 per cent from a year earlier.

Santer ready to water down jobs initiative

By Lionel Barber and Caroline Southey in Brussels

Mr Jacques Santer, president in pursuing the issue if of the European Commission, is about to abandon the pared to provide the money. symbolic centreniece of his trans-European transport

networks In a speech to the Euroearly warning system and trigger sanctions against pean parliament in Strasbourg yesterday, Mr Santer above the 3 per cent level.

This procedure should made no reference to the TENS networks or his camtake effect in less than a paign to raise extra funds from member states to year. Delinquent Emu states launch the projects. Earlier this year he had elevated the deposits with the EU which networks into a top priority

for boosting competitiveness and employment.
The TENS are hugely expensive projects such as a high-speed train link between Erfurt and Nuremberg; a road/rail tunnel through the Brenner pass; and a high-speed TGV eastdestined for Kiev and

Moscow.

Mr Santer's imminent initiative launched last spring under the banner of a Confidence Pact on Employment between employers. trade unions and governments. Though there is no question of abandoning the networks themselves, the atavistic loyalty nation issue of financing is likely to states created and main- be put on ice in the face of opposition from Britain, Ger-Bruton said. But he admitted many and latterly France parliament's criticism of which is slashing public and promoting small busispending in an effort to meet nesses.

Nobody says TENS are a bad job-creating initiative built idea. But clearly finance around the multi-billion ministries do not want to KU official said

spend any more money," an First alluded to in the 1991 Maastricht treaty, the TENS

the Maastricht targets for

member states are not pre-

There is clearly no point

monetary union.

projects have been bogged down in technical disnutes such as inter-operable signalling standards as well as the issue of whether public funds are needed to bridge a financing gap. Mr Santer's original proposal was to shift Ecul.7mm

(\$2.15bn) of underspending from the EU farm budget to TENS and EU research and development - encouraged by the fact that EU leaders have constantly pledged to back the networks but later allowed finance ministers to back away. Mr Santer came close to

winning support for reorderretreat on TENS marks a ing budget priorities at last watering-down of his jobs June's EU summit in Florence, but ultimately failed because of Anglo-German opposition and unexpected cost of compensating beef farmers.

Mr Santer will continue to fight for his original action plan on employment, which puts more emphasis on improving the single market, curbing state aid, and boosting education and training,

Cut in German sick pay threatened

Engineering employers' move could trigger legal showdown with unions

By Wolfgang Münchau in Frankfurt

German engineering employers yesterday threatened unilateral cuts in sick pay entitlements in a move likely to trigger a legal showdown with unions.

The threat by engineering employers follows last week's parliamentary approval of the German government's savings programme. The new law includes a controversial clause to reduce workers' statutory claims to sick pay from 100 per cent of wages to 80 per cent from October. The change in the law only affects workers with no separate sick pay arrangements in their work

engineering employers' group, said he declared. the law should also apply in his own industry, even though most contracts guaranteed full sick pay entitlements.

the law. I think we, the union and the employers' federation, have should leave it to the courts, contract as well. Whether we are going to introduce cuts in sick pay from October I," Mr Stumpfe said yesterday:

Mr Klaus Zwickel, president of IG focal p Metall, has signalled readiness to debate. strike in defence of present sick pay rules. "IG Metall will not patiently wait and see the majority of people contracts. Mr Werner Stumpfe, becoming poorer while the number president of Gesamtmetall, the of millionaires is on the increase,"

Ms Ursula Engelen-Kefer, vice-president of the Germany Trade
Union Federation, threatened court host of other contractual action if employers break existing arrangements to come up for "Of course we don't want to break contracts. The employers have argued contractual arrangements were based on existing law, so that a

enough occasion for dispute. We change in the law would affect the Germany's sick pay rules are among the most generous in the move firmly resisted by IG Metall. world and have recently become a focal point in the welfare reform

Union members regard the present arrangements, which they secured the late 1950s, as a symbol of Germany's welfare state. Employers

drive up absentee rates. renegotiation at the forthcoming

wage round in the engineering

sector, due to start in December.

say the arrangements are costly and

Gesamtmetall has previously indicated readiness to press for a new settlement at the wage round, a Mr Stumpfe's call for lower sick pay marks one of the first warning shots by employers ahead of the wage round. The last wage round in 1995 brought a rise in wage costs of in a series of industrial disputes in about 11 per cent for the two-year.

France held its breath – for FFr4bn

A gest and most dra-matised preparations for any budget, the French government yesterday produced a fiscal blueprint for 1997 that reduces the central state budget deficit by a mere FFr4bn (\$787m).

A belated decision to start cutting taxes next year, in an attempt to revive the economy and woo voters for the 1998 parliamentary polls, forced the government to drop its earlier goal of reining in the deficit to FFr245bn. Instead, next year's budgetary shortfall is expected to be FFr283.7bn. compared with its target of FFr288bn this year.

ner Javigoli

BETTERNING

for her ma

Yet, Mr Jean Arthuis, the finance minister, stressed that he was still confident the overall deficit on the combined accounts of central and local government and the social security sys-tem would still be no more than 3 per cent of gross domestic product next year, sufficient to qualify the country for economic and definition of a deficit, under the Maastricht treaty, appears to allow France to count in a big one-off payment from France Télécom and certain other funds.

Mr Alain Juppe, the prime minister, had started as early as May to prepare France's political, business and union leaders for the first real cut in public spending in the Fifth Republic's 38-year history; such was,



determination to be a founder member of Emu, a largely French-inspired proj-

300 ---

200 ---

However, the economy ment rose again to near-

began to flag, with growth record levels, and successive falling by 0.4 per cent in the small drops in consumer

deflation. The prime minister found himself under called this forecast "prudeot growing pressure from his backbenchers and indeed President Jacques Chirac to bring forward long-promised tax cuts. Earlier this month he announced a first FFr25bn slice off general income tax rates in 1997. Once that decision was taken last month, the FFr245bn deficit target

became unachievable. But the government has at least kept its promise to hold spending next year at last year's level of FFr1,559bn. Given inflation estimated at 1.5 per cent next year, this means a cut in real terms. To offset increases in debt servicing and civil service pay – which Mr Juppé will relax next year after this year's public wage freeze -the government had to find savings of FFr60bn from what ministries, under existerwise spent in 1997.

It still plans to increase job-creation subsidies next year, but by FFr15bn less than it had planned to do. As with employment policies, it is also making housing subsidies more selective. Anxious to avoid trouble with the teachers, the government is to spend 2 per cent more on education, but is to cut by around 4 per cent money for the interior and

foreign ministries. The 1997 draft budget is based on an assumption that the economy, predicted to

cent next year. Mr Arthuis and realistic".

But the tax cut stimulus

will not be great. In addition to the FFr25bn which the government is to leave in income taxpayers' pockets next year, there will be a carryover in 1997 from some consumption-boosting measures decided by the government after last December's disastrous public sector strikes. But offsetting this will be new social security charges, tobacco and alcohol taxes next year totalling FFr13bn. Proceeds from the latter two "health" taxes are to be funnelled into the social security system to help bring its deficit down from FFr50bn this year to FFr30on next year.

The 1997 budget measures are likely to come under fire from the public sector unions, upset by the government's decision to cut the 2.2m strong civil service by 6,000 next year, and from within Mr Juppe's own centre-right parliamentary majority, some of whom would have liked deeper tax cuts in the run-up to the 1998

But as Mr Arthuis said almost pleadingly yesterday, "If anyone thinks we could have done more to cut taxes next year, I would like to where we could possibly have cut spending more to allow for bigger tax cuts.

David Buchan

Call to convert into euros in 1999

Pressure on **Bonn over DM** bonds

By Gillian Tett and Richard Lapper in London

Pressure is mounting on the German government to D-Mark government bonds into euros as soon as European monetary union starts

Such a move, which follows similar action by France, could further boost the credibility of Emu and also help prevent Paris gaining a competitive edge over Frankfurt in the battle for the continent's capital mar-

The proposal has generated deep unease in the German finance ministry, which will take the decision. It fears the move could prove unpopular among German investors.

German banks and market traders have been pressing the government to "re-denominate" D-Mark bonds into euros for the past few months; it is understood Bundesbank officials will advise the German finance ministry to take the step after widely discussing the issue in recent weeks.

The Bundesbank has refused to comment on the issue but has privately indicated it supports some early conversion.

Mr Ernst Welteke, a member of the Bundesbank council, said last week: "So that we do not have split markets, I urge speedy switchover of bonds into the new

euro currency." Yesterday, a spokesman for the Deutsche Börse, Germany's stock exchange, said he was confident a decision to re-denominate existing D-Mark denominated debt in 1999 would be taken by the end of this year.

The issue has become significant for the financial markets recently, because of a split between the stance

and German governments. Last year, European governments announced all new public-sector debt would be issued in the single currency, the euro, after 1999. But they did not indicate what would happen to the stock of outstanding government bonds in currencies such as the D-Mark which

expire after 1999.

The French government has announced it will convert all its outstanding pub-1999. This will create a pool of liquidity in euros, which should help Paris in its efforts to become a ceptre for trading in euro-denominated money market and debt instruments, as well as

bond futures contracts. French bankers also recently persuaded the European Commission to stipulate in its legal proposals for Emu that governments could have powers to convert the

But so far, the German government has refused to follow the French lead in calling for early re-denomination.

Some German officials fear euro debts would be more expensive to service than D-Mark debt. There is also concern that German investors would shun euro debts, particularly since the conversion from D-marks to euros is likely to result in ugly numbers.

One economist involved in the discussions said: "I cannot see the German government rushing into this, it is a very delicate matter." But some big German banks, such as Deutsche Bank, are now pressing for the early conversion of the most liquid part of the German government debt.

Traders fear that if Paris creates a pool of liquidity in euros before Frankfurt, this could give French markets a taken by the French competitive edge.

The magic of Maastrichtian mathematics.

By David Buchan in Paris

The French government has fully exploited the magic of to convert a projected 1997 state budget deficit of 3.45 per cent of GDP into an overall public deficit of 3 per cent, the exact figure required to qualify to join the EU's economic and monetary union. France so far meets all other Maastricht criteria on debt, inflation,

conclude that the 1997 bud- change in its total assets. get had been concocted in Versailles' Hall of Mirrors rather than the finance min-Arthris and his team have fact that the EU definition of a deficit goes wider than the gap between current spending and revenue. This holds not raise the Maastricht defia country's overall public deficit to be the total amount it needs to borrow to cover

France realised last year it could no longer use privatisation receipts to cut its Maastrichtian mathematics istry's dour fortress at Maastricht deficit, because Bercy. However, Mr Jean these sales reduced its state assets by the same amount taken full advantage of the and left its net worth unchanged. By the same token, however, recapitalisation of state companies does

by the same amount.

cit because it, notionally at

least, increases state assets

included under the Masstricht arithmetic, it lowers the French deficit - by FFr13bn (\$2.53bn), for instance, in 1995.

Next year's big windfall. however, comes in the form of the special FFr37.5bn payment by France Télécom to the government to cover future pensions liability for its employees - part of a deal with the unions on the company's partial privatisaoterest and exchange rates. the gap between the change This latter asset "gain" is tion. This imposes a new lia-government is again adjust-Some unkind spirits might in its total liabilities and the traditionally ignored in bility on the state, but one ing downwards its debt ser-

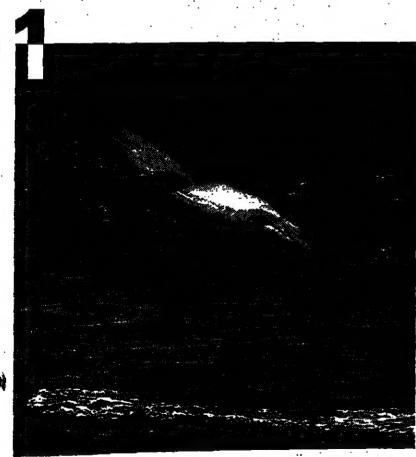
French budgets. But if it is that is difficult to calculate and is not, according to Bercy, calculated in the national accounts of any EU state running similar pay-asyou-go pension schemes.

Paris consulted Brussels on the France Télécom payment and the European Commission said this week that "at first sight" it sees no problem.

Two other non-budgetary factors have also beloed. As in 1995 and this year. The government is again adjustvicing, which appeared to be larger than it really was because buyers of bonds in mid-year appeared to be getting a full year's interest when in fact they had paid a higher initial price for their bonds. This year has also seen the special new RDS tax to repay past social security debt. For the moment,

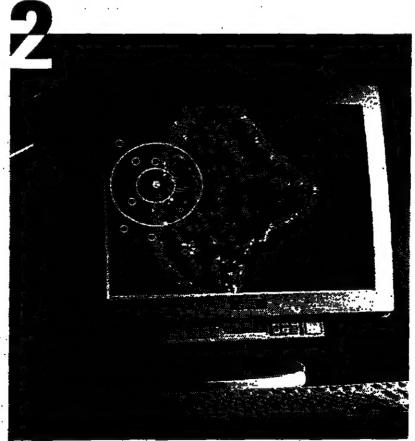
this tax is bringing in more - FFr6bn this year and FFr12ho next year - than is being used to repay the debt. and therefore it appears to

SIEMENS NIXDORF



Identify the Threat

Gone are the days when there was a contradiction between ecology and economy: environmental protection is both a competitive factor and a challenge. The need to preserve our ecosystem is something that concerns everyone and that ranges from everyday aspects to global problems, like pollution of the oceans. With leading-edge information systems, it's possible to identify dangers and weakpoints faster - in both the industrial and public sectors.



Use Environmental Systems

Networked information systems with a common database help to precisely localize environmental impact and analyse the interrelationships. They give the user a clear view of the entire chain of causes and effects. With the objective of avoiding major risks along the process chain in the use and transportation of hazardous materials as well as in connection with poliutant emissions.



Information technology can identify weakpoints and simulate improvements - but the responsibility for doing something about it rests with producers and consumers. The opportunity we have is to control processes through effective environmental management to keep the environment in balance, without impacting corporate profitability. The more private- and public-sector organizations utilize networked environmental protection solutions, the better job we can do of securing our natural ecosystem for everyone.

Siemens Nixdorf: User Centered Computing

Burmese petrol prices double

By Ted Bardacke

Petrol prices have nearly doubled in Burma in the past week and the government, believed to lack foreign exchange to pay oil traders, has failed to renew a long-term petroleum supply

Queues of several hundred cars have been reported in Rangoon, the capital, and in neighbourhoods where the ruling military élite lives information about impending petrol shortages. Diesel and petrol is scarce or unavailable in the Shan state and other parts of

upper Burma, residents sav. Burma had an exclusive long-term crude oil supply contract with Mitsui of Japan which expired in July and was not renewed. A senior Mitsui official in Rangoon said the company "had no conflict" with the Burmese government but said it had not been paid for all oil delivered. Diplomats estimate the outstanding balance still owed to Mitsui by the Burmese government to be between \$27m and \$31m.

An oil trader in Singapore said the Burmese government had failed to issue a new tender for long-term supply, adding that word of the money owed to Mitsui had spread, making the situation for the government difficult on the spot market.

Burma's economic problems have been highlighted in recent months by the withdrawal of several western companies concerned about consumer boycotts because of the country's human rights record. Burma says in most cases Asian investors have replaced the departing westerners.

in July, the Burmese currency, the kyat, was devalued by 28 per cent reflecting what economists say is a shortage of hard currency. Rice exports, a leading foreign currency earner, have fallen to 400,000 tonnes in fiscal 1995-96 compared to 1m tonnes the year before.

Petrol prices in centres such as the rice-producing Irrawaddy Delta rose from 450 kyat to 600 kyat a gallon. With the rice harvest season beginning in six weeks. farmers will have trouble milling and transporting rice for both domestic consumption and export if these prices are sustained.

Burma's domestic petrolmarketing system is a cause of the difficulties. In an effort to subsidise meagre military and civil servant salaries, the government allocates tickets to certain state employees letting them buy a gallon of petrol at 25 kyat. These tickets are then sold on the black market to owners of private cars.

The government's failure to renew supply contracts with Mitsui carries a particular resonance because the Japanese company is the architect of a master plan for the country's industrial development and is the lead partner in a consortium developing a \$125m "3-in-1 project" consisting of a natural gas pipeline, fertiliser plant and electricity station.

Japanese trade surplus shows 31% fall

Rising oil prices contributed to a 31 per cent decline in Japan's trade surplus to Y369.47bn (\$3.85bn) in August compared with the same month last year, the 21st consecutive monthly fall, the finance ministry said vesterday.

than the markets had expec-ted but will belp ensure that trade differences stay in the background when Prime bilateral surplus with the US

ton in New York next week, for a summit in the margins of the United Nations Gen-

eral Assembly.
A finance ministry official said the trend was expected to continue, though privatesector economists warned that the decline was slowing as a weaker yen lifted the The fall was less steep competitiveness of Japanese exports. In July, the surplus was down by 38.4 per cent. The politically sensitive

and the surplus with the rest of Asia by 11.4 per cent compared with the same month last year. Within the total surplus, exports rose by 8.7 per cent to Y3.472bn, easily outrun by

the growth in imports, up

16.6 per cent to Y3,102bn.

tive month of decline. Japan's surplus with the

European Union was down

by 17 per cent last month

ter than the 6.5 per cent fall fraction to 59.4 per cent, a demand has weakened. in July and the 18th consecu-reflection of Japan's continu- Exports were helped ing shift from a nation of processors of raw materials for re-export, to consumers. Import growth, however,

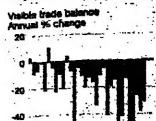
was unusually swollen by a 54 per cent rise in Japan's purchase of three large aircraft from the US. Other data, such as last week's announcement of a 29 per cent annualised drop in in the main measure of gross domestic product in money supply - M2 plus the second quarter to June, demand and time deposits decreased by nearly 17 per The ratio of finished prod- the second quarter to June,

Exports were helped by

the weakness of the yen, allowing the Japanese car industry to increase overseas sales by 18 per cent. Exports of personal computers and other office equipment rose by 20 per cent. Japanese demand remains modest on evidence released by the Bank of Japan yesterday of a 3.7 per cent growth

By William Dawkins in Tokyo meets US President Bill Clin- cent to Y222.3bn, much fas- ucts to total imports rose a suggest that domestic in the year to August, a growth rate unchanged from the previous month. But on another measure, broad liquidity, money growth is slowing, a consequence of lower bank lending growth and a fall in public works spending in August. Broad liquidity grew by 3.7 per cent in August, down from 4 per cent in July and the weakest

rise since April. Meanwhile, sales in Tokyo department stores in August rose by 2.5 per cent from the same month last year, after



falling by 2.7 per cent lu July, the first drop in seven

Bureaucrats braced for assault by 'soft ice cream'

the face of Japanese gov-ernment got off the ground yesterday when the first new political party to be formed for nearly two years began its formal search for candidates for the imminent general election.

The new group, formed by Mr Yukio Hatoyama, 48, a scion of one of Japan's richest and most powerful political families, is devoted to waging war on the bureaucracy. Aspiring supporters and critics alike are sceptical. Several anti-bureaucratic campaigns by weightier parties in recent years have brought little result. Former prime minister Yasuhiro Nakasone likens the new group to soft ice cream. It tastes sweet but will melt under the

political heat, he quips. But, at the least, the group, named Democratic party, represents a big step in the fragmentation of Japan's political opposition for the 500-seat lower house of

fresh campaign to change as its members are mainly defec-the face of Japanese governor that three main opposition groups, to the potential benefit of the increasingly dominant Liberal Democratic party. At most, it could rise above the role of breaker-up of declining parties to become an influential partner in the next government, likely to be another coalition led by the conservative LDP.

If Mr Hatoyama's group lives up to its hopes, its fortunes will be of interest to Japan's trade partners as they pray for real, rather than the hitherto cosmetic, cuts in the government regulations which impede access to one of the world's richest consumer markets.

The group attracted 37 mostly centre-left members of parliament to join its founding committee at an overnight meeting in the Diet on Tuesday and is aiming, perhaps optimistically, to field 200 candidates in the coming election

parliament. Up to 30 MPs from the members distillusioned at its wan-Social Democratic party are poised to join, which would complete the SDP's slow-motion break-up. Analysts in Tokyo believe Mr Hatoyama's group could win 40 seats or more in a general election in the next few months, depending on how many defectors from other parties join its ranks.

Mr Hatoyama's opponents doubt he will succeed in making government more sensitive to the aspirations of Japan's understandably confused electorate. After all, the mainstream parties pay lip-service to a more open government and less regulated economy and yet have brought only slow change to the web of shared interests and consensus that bind Japanese life. The most recent new political

party, the New Frontier party,

formed at the end of 1994, also

wanted change. Yet today, it is

struggling to stem defections of

agree on clear policies.

But Mr Hatoyama's supporters
maintain he does have sufficient

ing popularity and inability to

political clout, cash and popular appeal to gain enough seats to influence the next government.

The clout, as is usual in Japanese politics, is all in the family. Mr Hatoyama's grandfather, a former prime minster, was founder in 1955 of the LDP, which held a monopoly of power for 38 years until 1998. Other Hatovamas have been foreign and deputy finance ministers and Yukio's brother, Kunio, is also a leading member of the new group. The family home in central Tokyo is something of a temple of modern Japan, for it was there that factions of conservatives negotiated the deal that led to the LDP's birth.

The cash, too, runs in the fam-

ment thanks to his mother, daughter of the founder of Bridgestone, Japan's largest tyre company. The new party was Mrs Yasuko Hatoyama's idea and she has contributed to her sons' election offices.

Mr Hatoyama has attracted a strong and youthful supporting cast. They include Mr Naoto Kan, the health minister, who has earned admiration for exposing bureaucratic responsibility for the distribution of Aids-tainted blood

to haemophiliacs. The new party's possible weakess, on the other hand, is lack of ideology. But that quality is shared by all political groups with the possible exception of the Communists - who are enjoying something of a comeback.

When seeking to prepare a manifesto last month, the best Mr Hatoyama could come up with

ily. Mr Hatoyama is one of the was "friendship and love". Later, richest members of a rich parlia- he explained that the new party was "friendship and love". Later. was to follow the concept of seimin, meaning politicians and peo-ple, rather than the traditional kan-min. meaning bureaucrats and people. Worse, its Democratic party title does not help Japan's uncommitted voters, more than half the total, to distinguish between it and the Liberal and

Social Democratic parties. Mr Koichi Kato, the LDP's secretary-general, says policies will be less important to the success of future governments than coalition management.

If, as seems likely, Mr Hatoyama pulls in a significant minority of seats in the next election, the LDP will face a management challenge: how to handle a group with slightly more progressive aspirations than its own.

William Dawkins

ASIA-PACIFIC NEWS DIGEST

North Korean 'infiltrators' die

Eleven North Koreans who landed in the South from a submarine were found dead yesterday, possibly shot by one of their number who turned the gun on himself, a South Korean defence ministry spokesman said. A 12th was captured after a massive search while another eight or nine were still at large, the spokesman said. Authorities in the South described the North Koreans as

"This incident is a grave provocation and a definite infiltration against South Korea by North Korea," the director of operations at the Joint Chiefs of Staff, Kim Dong-shin, told a news conference. After a cabinet meeting Kwon O-kie, unification minister, said the infiltration was "a direct threat to our national security".

The captured North Korean, Mr Lee Kang-soo gave a different account, telling interrogators the submarine drifted into South Korean waters after developing engine trouble. It was stranded on rocks 9km south of the east coast city of Kangnung. Authorities said it apparently hit a reef while returning to the North after dropping off infiltrators on a beach. The blood-soaked bodies of 11 North Koreans were found on top of a mountain dressed in jeans and sneakers.

Karachi bombs end calm

At least one person was killed and four others injured when three bombs exploded in the business district of Karachi, Pakistan's southern port city, yesterday. The first explosion occurred near an office of Pakistan International Airlines while the second was near the offices of the provincial government of Sindh, of which Karachi is the capital, Yesterday's blasts shattered months of calm in Karachi. Forhon Bokhori, Isla

India to pay Sikh relatives

India announced yesterday it would pay \$24m to relatives of people killed in auti-Sikh riots after the murder of Indira Gandhi, prime minister, more than a decade ago. The government's decision follows a court order last month directing it to pay compensation to nearly 3,000 victims of 1984 carnage within four months, K. Padmanabhaiah, home secretary, told the Press Trust of India. An Indian court on August 27 sentenced 93 Hindus to five years' hard labour for taking part in the riots sparked off after two Sikh bodyguards murdered Mrs Gandhi on October 31, 1984.

Daughter's land plea boosts Thai PM

By Ted Bardacke in Bangkok

The daughter of the embattled Thai prime minister Banharn Silpa-archa may have saved her father's job yesterday after she put up a robust defence of her role in a controversial land sale on the first day of a no-confidence debate.

But Ms Kanchana Silpaarcha told parliament that new currency printing plant she continued to urge her father to resign and leave her family at peace. "I have asked him to retire from polttics and will continue to try to persuade him," she said. likely to ignore his daugh-

a widely discredited govern- from the sale.

In yesterday's debate, Ms Kanchana Silpa-archa was accused by opposition legislators of using her father's influence to make a 1,476 per cent profit on the sale of a 75 rai (120,000 sq metres) piece of land to the central bank. The bank plans to build a on the land.

Ms Kanchana said she bought the land for Bt228m (\$8.9m) in 1990 - not the Bt29m tax records show and therefore only doubled The prime minister is her money in selling the land to the central bank for of the mint. The bank had ter's advice just as he has Bt465m. After taxes, interest ignored similar urgings from on loans, brokerage fees and another area in 1989 for the

mies to step down as head of made a profit of only Bt60m

"I could have made more money in another business," Ms Kanchana said. Ms Kanchana said the seller of the land was responsible for under-reporting the sale price to land department officials in an attempt to avoid capital gains taxes, a widespread practice that routinely goes unpunished.

Her strong defence of the sale contrasted with her inability to address associated allegations that Mr Banharn, as finance minister in 1990, had asked the central bank to change the location already bought land in

supporters and political ene- other expenses, she said she new mint but later backtracked.

Most of the rest of yesterday's debate, which is expected to stretch for two more days with the censure motion put to a debate on Saturday, focused on Mr Banharn's inability to run the country effectively. "The prime minister is

guilty of mismanaging the country, irresponsibility, lack of vision, turning a blind eye to corruption in his coalition and abusing power for personal gain," opposition leader Mr Chuan ekpai said in his opening

"The prime minister has lost the legitimacy to run the country. He will only bring damage to the nation



and the democratic parliamentary system," Mr Chuan

Ramos nearer right to second term

Campaign to change constitution has gained momentum, writes Edward Luce

President Fidel Ramos was asked recently whether he had a shortlist of possible candidates to succeed him after his term expired in 1998. Mr Ramos, who has remained aloof from a campaign to amend the Philippine constitution which would enable him to stand again, joked: "I have a very short list. And it's getting shorter every

With more than half the required 3.5m signatures already gathered for a pet-tion which would trigger a plebiscite to scrap the singleterm limit, optonests of Mr Ramos think his shortlist has already been narrowed down to just himself. indeed, the petition, which

is expected to achieve the required 12 per cent of the electorate's signatures by early 1997, looks increasingly likely to lead to a referen-dum next year. And Mr Ramos could be in power until 2004. "The administration has a

lot of unfinished business," said a senior presidential aide. "Mr Ramos would be keen to run again but only if he had genuine public back-

two basic preconditions before he would consider standing again. First, the ini-

By Bruce Jacques in Sydney and Manuela Saragosa.

Australian maritime unions

have imposed bans on all

Indonesian shipping move-

ments and cargoes in protest

at the recent arrest of two

The bans are an embar-

rassing footnote to this

week's visit to Indonesia by

Mr John Howard, Australia's

prime minister, for talks

The row has further

marred a visit already over-

shadowed by China's threat

with President Suharto.

Indonesian labour leaders.

in Jakarta



Destiny to be president: Joseph Estrada, the vice-president, opposes a constitutional change that would let Fidel Ramos stand for a second term

tiative must come from the amend the 1987 constitution must not generate controversy before the Apec (Asia Pacific Economic Co-operation forum) leaders' meeting in Manila this November. Opponents of the move, The meeting, which will include President Bill Clinton of the US and President Jiang Zemin of China, will

put the Philippines in the international spotlight. Strong opposition to the Second, the campaign to proposed amendment - nota-

bly from former president Mrs Cory Aquino, who framed the constitution, and vice-president Joseph Estrada, who says it is his "destiny" to run for the job in 1998 - would embarrass the government.

"I have no doubt that President Ramos wants to continue beyond 1998 but he wants to minimise any controversy before the Apec meeting," said Mr Exequiel Garcia, president of the Philippine constitutional association, a group of lawyers and businessmen who want to alter the charter. "All the agns are that a large part of the electorate would support an amendment to the constiintion - and why not? No one can accuse Mr Ramos of planning to set up a political

dynasty." The idea is also backed by many in the Philippine private sector, which has bene-tited from the Ramos administration's economic reform programme since 1992 and can point to the president's positive image among foreign investors.

however, say that the amendment would ignite memories of the late president Ferdinand Marcos, who tried to set up an authoritarian dynasty but was overthrown in a peaceful revolution in 1986. Mr Marcos's

wife, Imelda, was mayor of Manila for 10 years and his son, Bong Bong, has attempted to keep the torch burning since the family returned from exile in 1992.

Few, except some splinter groups on the hard left, believe Mr Ramos plans to do the same. The president has three daughters, none of whom holds political office. But his opponents, who would include most of the hopeful candidates for 1998 of whom at least five have declared their ambitions publicly, would paint the move as a step back towards

the Marcos era. "President Ramos has done a good job since 1992," said Senator Raul Roco, who is planning to stand for the top post in 1998. "But that does not mean we should allow Mr Ramos or his supporters to manipulate the constitution for their own

purposes Even if Mr Ramos were to come out in favour of the change, however, many believe it could be swamped by thorny legal objections. Presidential candidates could question the authenticity of the signatures, for example. "In the Philippines everything can end up in court," said Mr Bill Luz, secretary of the Makati Business Club, the largest pri-

Mandarin Oriental, San Francisco. Proof you're on top of your business.

Where to find the rest of the World's Finest Hotels & Resorts The Oriental, Bangkok

Kahala Mandarin Oriental, Hawaii Mandarin Oriental, Hong Kong

Mandarin Oriental, Jakarta Mandarin Oriental, Macon

Mandarin Oriental, Manila

The Oriental, Singapore Hotel Majapahit, Surabaya

Bean Taling Ngam, Koh Samui, Thailand

Hotel Bela Vista, Macau Mandarin Oriental, Kuala Lumpur (1997)

MANDARIN ORIENTAL

Senior government sources say Mr Ramos has

grassroots. All the signs are that this is so far the case. The fact that 86 of the 204 elected congressmen and about a third of the country's provincial governors and mayors must also stand down in 1998 because of the term restrictions has given the "people's initiative" wide constituency of sup-

Lama, Tibet's exiled leader, at present visiting Australia.

The bans were announced

by the Maritime Union of

Australia (MUA), as Mr

Howard flew out of Indon-

esia on his way to visit

Japan's prime minister Ryu-

taro Hashimoto and Japa-

line with a worldwide cam-

paign by the International

Transport Workers' Federa-

tion, representing over 5m

workers in 120 countries,

The Australian bans are in

nese business leaders.

Australian unions in Jakarta cargo ban on Tuesday of trade retalia-tion against Mr Howard's plans to meet the Dalai

> An official at the Indone bang were to be regretted and will harm the efforts to

build up relations between the two countries". Mr Vic Slater, MUA assis-

protesting at the sirest of to push human rights and decades, and are held on one of the men. Mr Muchtar political freedom issues dur-Pakpahan. He is the former ing his Indonesian visit. leader of the independent The bans were designed to Indonesian Prosperous disrupt Indonesian shipping Labour Union (SBSI), which services and create a climate

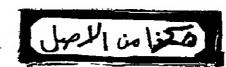
services and create a climate is not recognised by the gov. of unreliability among the nation's other trading partners. The first ship to be sian foreign affairs ministry affected would be the Boga-in laterta said the MUA's sail Empat, due in Western sarl Empat, due in Western Abstralia late yesterday to lead 32,500 tonnes of wheat.

Mr Pakpahan and the second arrested labour leader, Mr Dita Sari, were said to tant national secretary, said have been implicated in the bans were in response to recent pro-democracy riots Mr Howard's alleged failure in Jakarta, the worst in two

subversion charges.

Mr Pakpahan, arrested three days after the July 27 riots, lost a suit against five officials of the Jakarta attorney-general's office in which he accused them of detain-

ing him illegally. Further anti-Indonesian sentiment surfaced in Darwin yesterday, when demonstrators burned a replica Japanese flag to mark East Timorese Independence Day. The demonstration was aimed at raising awareness of Japan's role as biggest foreign aid donor to Indonesia.



By David Pilling in Buenos Aires

Leaders of Argentina's governing Peronist party were yesterday desperately trying to ensure parliamentary passage of a tough aus-terity bill after last week's fiasco when not enough of their own deputies turned up to reach a quo-

Approval of the bill, on which debate was expected to continue

Peronist leaders have spent the past days twisting the arms of those deputies who, mindful of next year's mid-term elections, have refused to back an austerity package that aims to raise an additional \$30n annually in taxes. The original 21-point plan, which set its sights on extra revenue of into the early hours of this morn- \$4bn-\$4.5bn, has been savaged by ing, is seen as a crucial test of politicians and interest groups,

President Carlos Menem's ability reducing the package to its bare. Eventual passage of the auster-to rally his increasingly fractions bones. Eventual passage of the auster-ity bill is fundamental to the new vincial pension schemes to state \$65n discounting such revenue.

President Menem, in an article published in yesterday's Clarin, said he would not hesitate to rule by decree should parliament prove unmanageable. Ironically, it it might attend the debate, expected to vote against the pack-

targets agreed with the International Monetary Fund, with which Argentina this week finalised a

revised deal. According to the letter of intent, was the opposition Frepaso party which must still be ratified by the which was yesterday hinting that IMF's board, the \$35n from the which must still be ratified by the austerity package will help Argenthereby providing quorum. All tina reduce its budget deficit next Frepaso deputies were, however, year to \$3bn, or 1 per cent of gross domestic product. If the extra costs involved in cutting the state

level are counted, the deficit is allowed to reach \$4.5hn.

The letter of intent also includes the granting of a waiver for Argentina's missed fiscal targets in the first half of this year, which the IMF blamed on sluggish receipts of value-added tax and growing deficits in the social security system.

The Fund has agreed to accept a budget deficit for 1996 of \$5bn

\$6bn discounting such revenue. The original target had been a balanced budget, with an ambitious \$2.5bn coming from privatisations.

Among positive factors highlighted by the Fund, such as healthy reserve and bank-deposit levels, is the improving situation of provincial finances. The overall provincial deficit of \$3bn last year is expected to be reduced to \$1.1bn this year, and to reach a \$300m

Canadian car union makes headway

between Chrysler's Canadian subsidiary and the Canadian Auto Workers union appears to have strengthened the union's hand for forthcoming contract talks with General Motors, writes Bernard Simon in Toronto.

The CAW claimed the deal, reached shortly before a strike deadline on Tuesday night, was an important victory on the contentious issue of contracting work to outside, usually non-union-ised, parts suppliers.

Chrysler agreed to replace any jobs lost to "out-sourc-ing" at its Canadian plants. provided it was making a profit. Out-sourcing is expected to be the thorniest issue in the negotiations.

The first contract with the Big Three North American motor manufacturers traditionally sets a pattern for talks with the other two. However, GM Canada has made less progress than Chrysler in sourcing compo-nents from outside suppliers, and is expected to take a tougher line with the

GM has given notice that it plans to sell two parts plants employing a total of 5,000 workers, or almost a fifth of its workforce in Can-ada. Its operations in the US and Canada are closely integrated. The three-year Chrysler deal provides for an annual wage increase of 2 per cent and improved health-care and vacation

Insider trading

By Tracy Comigan In New York

The US Securities and Exchange Commission has asked a federal appeals court to reconsider a ruling which threatens to narrow the definition of insider trading in the US courts.

The ruling rejected the use of "misappropriation the-ory", a tool which enables courts to convict people who decettfully use information in violation of trust and confidence, rather than just in breach of strictly defined fiduciary duty. This means, potentially, that an execupotentially, that an execu-tive dealing on insider infor-mation would be guilty of in Pillsbury stock options insider trading, but a family member using information obtained from that executive would not.

This decision leaves a real hole in the ability of the theory encourage insider regulators to enforce insider trading rules," said Mr James Morphy, head of mergers and acquisitions at Sullivan & Cromwell, a leading New York law firm. "Eventually the Supreme Court or Congress will have

to fill this hole." The ruling was made in August by the Eighth US Circuit Court, which covers several midwestern states. Since few cases are brought in this area the roling is ate impact on SEC prosecu- priation theory.

tions, but other circuits could follow this lead.

In the US, insider trading is covered by broad antifraud rules; coupled with the "misappropriation" concept, this has so far proved a satisfactory way of prosecuting insider traders, according to Mr Richard Walker, SEC general counsel. But "if other courts followed, we might approach Congress" for legislation defining

cally, he said. The ruling was made in connection with a criminal case against Mr James O'Haahead of the acquisition of the US company by the UK's Grand Metropolitan in 1988.

If the court does not

reverse its ruling, it could in

insider trading more specifi-

traders to deal within the. Eighth Circuit Court's jurisdiction. But in practice, the SEC has considerable leeway in deciding where to bring prosecutions; and an insider would have to gain information on a local company and deal through a local broker on a local exchange to have any chance of taking take advantage of the ruling. The more important Second, Seventh and Ninth Circuit Courts have all accepted misappro**OBITUARY: SPIRO AGNEW**

The vice president ruling leaves hole, says SEC who fell from grace By Nancy Durine From there he went into an cratic ractes and gracering

Mr Spiro Agnew, the US vice president who resigned in disgrace in 1973, died on Tuesday without ever achieving the modest political rehabilitation gained by his one-time boss, President Richard Nixon.

Mr Nixon left the White House 10 months later under the cloud of the Watergate scandal. His crimes were essentially political - wiretapping, break-ins and lying about them. He ultimately fashioned an elder statesman role for himself and lived to hear praise of both his foreign and domestic pollcv achievements.

Mr Agnew took pay-offs from businesses for using influence on their behalf. His hastily arranged departure came with a plea bargain -pleading no contest to one

From there he went into an cratic racist and garnering obscure retirement, denying the support of blacks and libany wrong-doing and insist-ing that he had resigned from office to spare the nation the agony of a trial. It was he who was spared a trial. If it were not for the

national trauma of Watergate he may have risked becoming the first vice president to endure prison. Instead, he set up as an international trade consultant. Wrote a novel and retired to a luxury community near Palm Springs. Mr Agnew did not go unmourned. The mayor of of impudent snobs."

the town of Gargalianoi. from which Mr Agnew's family had emigrated, issued a nic slurs. statement calling him "a proud.

Mr Agnew's rise was almost as spectacular as his fall. He was elected Republican governor of Maryland, tag line: "This would be seri-

erals. Mr Nixon selected him as a running mate in 1968 and made him the campaign "attack dog" so that Mr Nixon could look presiden-tial. He became "Nixon's Nixon" - a reference to his boss's role when he was President Dwight Eisenhower's vice president.

throughout his years in the vice presidency, dismissing White House opponents as nattering nabobs of negativism" and "an effete corps Mr Agnew's critics ridiculed his blunders and eth-

Democrats tried to use good man who made us him to get to Mr Nixon. In one commercial he was the sound track consisted of only loud laughter and the



Copper market co-operation new, hearing told

The head of the US commodity trading regulator indicated yesterday that, despite evidence of world copper market abnormali-ties, international regulatory co-operation did not proceed smoothly until after Sumitomo's losses became public in June.

Miss Brooksley Born, the chairperson of the Commodity Futures Trading Commission, the chief futures and derivatives regu-

lator in the US, told a congressional hearing yesterday: "Routine information sharing for supervisory purposes is relatively new to the international community, and the produc-tion and review of surveillance information by certain markets is uncommon and in early stages of development."

However Miss Born said that her agency did not need extra powers to supervise market events such as the Sumitomo losses and the subsequent 25 per cent drop in world

activities have so far been minimal and cop-per trading losses appear to be limited to the Two US banks believed to bave helped per trading losses appear to be limited to the Sumitomo trading company itself, according to Federal Reserve governor Susan Phillips, who was testifying at a house banking subcommittee hearing on the affect of the Sumitomo affair on US markets and financial institutions.

However, the banking regulator empha-

copper prices. In fact US bank exposures to sised that the review of Sumitomo's copper Sumitomo corporation's copper trading transactions, which generated \$1.8bn losses

finance Sumitomo's copper trading activities, JP Morgan and Chase, declined to testify at the public hearing.

Miss Phillips, who is a former chairperson of the CFTC, also said that additional regulation in the US would not have prevented

The venom of a snake helped a life-saving drug. Hoechst.

In a number of civilizations, snakes have long been revered as a symbol of healing.

It was 90 years ago that scientists developed a better understanding of exactly how snake poisons act in the human body.

Protecting the beart and the cardiovascular system.

An example of research in this field is an active substance used treat cardiovascular disorders.

Here and the

The human body contains certain tissue hormones called kinins, which reduce blood pressure and open the blood vessels. Now it has been discovered that the blood-pressure-lowering and vasodilating action of the kinins can be boosted by proteins found in the venom of a Brazilian pit viper.

Scientists at Hoechst Marion Roussel, the pharmaceutical division of Hoechst, have used this discovery to synthetically produce these proteins and thus



develop a new life-saving drug. Research into cardiovascular disorders has always played an important role at Hoechst.

In 1904, Hoechst researchers were the first to synthesize the hormone adrenaline.

Other vital developments followed, including edema therapy and preparations to dissolve blood clots.

Today, Hoechst Marion Roussel offers one of the broadest lines of cardiovascular products.

Cardiovascular disease is still the No. 1 cause of death, which is why fighting this important problem is a matter so close to our hearts at Hoechst Marion Roussel.

Hoechst

D-65926 Frankfurt am Main Internet:

http://www.hoechst.com/

Hoechst 🚱

alth care, agriculture and chemicals. With a staff of 145,000 people worldwide, annual sales total DM 52 billion

Car rivals in Polish scrap

Daewoo of South Korea has threatened to wind down its investments in Poland if the government fails to block a local car assembly operation by rival South Korean conglomerate, Hyundai. Mr Kim Woo Choong, the head of Daewoo, has written to Mr Wlodzimietz Cimoszewicz, the Polish prime minister, threatening a cut in his company's planned \$1bn investment if Hyundai is permitted to proceed with plans to assemble 15,000 cars in Poland next year. Daewoo has said it wants to produce 300,000 cars a year in Poland by 2000.

Last month the Polish government introduced new import rules aimed as discouraging assembly operations in order to smooth the way for major investors in Poland's growing car market. These are Daewoo, Flat and General Motors. However, last month Hyundai raced to establish an assembly operation at Pultusk, north-east of Warsaw, just before the new rules came into operation. The Korcan company is working with Universal, a listed trading company with strong links to the former communist Left Democratic Alliance (SLD), the senior ruling coalition partner. The government has withdrawn a permit for duty free import of components for assembly leaving Hyundai with around 20 completed cars. Universal has said it will appeal against the decision. If successful it would break the industry ministry's policy of favouring capital investors against assembly operations. The industry ministry is a stronghold of the Polish Peasant party, which is a junior partner in the government coalition. Christopher Bobinski, Warsaw

CME in Ukraine TV venture

Central European Media Enterprises, the US pioneer of private commercial television in eastern Europe, is expanding its operations in Ukraine. It is to acquire a 50 per cent holding in the Studio 1+1 group, which provides 50 hours of prime time programming for Ukraine's state-owned UTV Channel 1. Studio 1+1 provides popular entertainment shows and films and has the right to sell advertising. CME said the total Ukraine advertising market was expected to grow this year to \$35m from \$15m in 1995, with television advertising rising to \$20m by the end of this year from \$9m in 1995. CME is also seeking to establish a national private, commercial television station Kevin Done, East Europe Correspondent

US steps up 'tied aid' fight

The US Export-Import Bank has stepped up its campaign against the use of tied aid by its competitors, matching more than \$2.5bn of actual and potential foreign tied aid credits in 37 cases since April 1994, according to a recent report. The use of the Export-Import bank "war chest", known as the Tied Aid Capital Projects Fund, has achieved considerable success in countering the use of tied aid, a practice that links foreign aid and commercial credit to donor country exporters. Eximbank counters a tied aid agreement by offering similar financing to US Afshin Molavi, Washington

BT and Dutch railways in telecom venture

By Gordon Cramb

BT, the UK telecoms group. and NS, the Dutch state railways, are to invest Fl 1bn (\$590m) to establish a fixed line telephone service for the Netherlands which aims to coms utility.

Their joint venture, foreunveiled yesterday under the name Telfort, will start has two licences on offer for

immediately by offering building a nationwide infrathrough the Concert system developed by BT and MCI, its US partner.

A domestic fibre optic network, of which NS Telecom bas already laid 1,000km be the main rival to KPN, along its tracks, will form the privatised posts and tele- the basis of a national service which awaits a licence from the Dutch government. shadowed late last year and The transport ministry, which oversees telecoms,

Dutch-based companies structure, and expects to international connections award these by the end of the year.

From next July, successful applicants for those and more than 1,300 regional licences will be able to provide voice telephony. Energy utilities and cable television providers are among those also in the race.

But several regulatory issues, notably those governing interconnection of rival services, have yet to be

Developing countries can

repeat the economic miracle of the east Asian "tigers",

according to the United Nations Conference on

Unctad's latest Trade and

Trade and Development.

keep its markets open.

Many developing coun-

tries have scope to boost exports of labour-intensive

manufactures, Unctad says. It estimates that, in the tex-

tile and clothing sector

alone, poor countries could triple their exports to the North over the next 10 years

out as planned under World

if import quotas are phase

Trade Organisation rules. This would raise their

Meulen, who will head Telfort, said yesterday a UK- als need a hand up" - as style system was the most desirable - where Oftel as Britain when it entered comindustry regulator not only ensured interconnectivity but had the power to determme the rate at which pro-

viders billed each other for

such links. Because of this, the UK rate at 2p a minute was the lowest in the world. Saying that "we cannot put a double cable into all households,"

regulation, where new arriv-Mercury had received in petition with BT 12 years

A decade from now, Telfort expects a 5 to 10 per cent share of a total Dutch telecoms market, which is now worth FI 15bn and ranks as Europe's sixth biggest. The extent of the NS fibre optic network is to double within a year, though not all Dutch

resolved. Mr Koos van der he argued for "asymmetric households will be able to connect to the new service by the launch date.

The size of BT's investment ranks below those made in larger national markets such as Germany and Spain. But Mr Pat Gallagher, director of BT Europe, said the Netherlands' position as a "trading hub and European gateway" made it attractive. The company has been active there since 1989. serving Dutch and foreign multinationals.

VW in \$1bn Beetle plans

By Leslie Crawford in Mexico City

Volkswagen plans to invest \$1bn in a new Mexican factory for the "New Beetle". a successor to the famous 1930s model, which will be launched in September 1997. The German company is

expected to announce its plans tomorrow when Chancellor Helmut Kohl, who is on a state visit, tours its plant in Puebla, near Mexico City.
"We had originally

planned to invest \$600m in as it sells domestically.

Mexico, but we are expanding the investment plant produced 110 programme to be able to market the New Beetle worldwide," Mr Gerardo Valadez, Lopez Volkswagen's spokesman in Mexico, said yesterday.

Volkswagen's expansion is one of the biggest foreign investments to be announced since the devaluation of the peso in December 1994 triggered Mexico's financial crisis and substantial capital flight.

The government is likely to hail the plans as proof of Mexico's rehabilitation. Foreign direct investment totalled \$3.1bp in the first half of the year, a respectable figure and Japan.

considering the low level of domestic demand in the

Volkswagen's Mexican operation was hit particularly hard during the recession in 1995. The financial crisis eroded middle class incomes and sales of budget cars such as

the old Beetle collapsed.

The company tried to make up for the loss by Development Report pub-lished today says the poli-cies that produced rapid finding new foreign markets export-led growth in South for its Mexican cars; so that Korea, Taiwan, Hong Kong and Singapore can be applied elsewhere, though for the strategy to succeed Volkswagen now exports four times as many vehicles fully, the rich North must

The company's Puebla plant produced 110,174 vehicles in the first half of 1996, an improvement over 1995 but still below its pre-devaluation output. A prototype of the New Beetle - which is the first

Volkswagen car to have been designed outside Germany - has already been exhibited at US and European motor shows. Mr Lopez Valadez said the enlarged Puebla plant would

market share in the North turn out 120,000 New Beetles from one quarter today to in its first year. The car will be marketed about three-quarters, giving in the US, Canada and them an extra \$175bn of Mexico, partners in the exports a year. North American Free Trade

Agreement, and in Europe

However, the report says that if too many countries simultaneously expand exports of low-skill products, they will flood the market and weaken prices. This will in turn reinforce a long-term downward trend in relative prices for low-

nations' development, says UN Imports from developing countries $\mathcal{A}^{\epsilon}_{i,j}$ As % of consumption in industrialised countries, 1990-1991 Machinery and other meruhada

Export drive could help poor

World Output	1991-1996 [Percentage change]
aglor/country.	1961 1992 1993 1994 1995a 1996b
orld	08 14 11 28 24 24
eveloped econdities	09 16 07 28 20 19 10 27 22 36 20 22
CARGO SIGNED	40 17 61 08 05 21
Bacosan Union	
. Germany	55 10 06 28 28 18 50 22 12 29 19 05 08 12 13 18 22 08 12 07 12 22 30 15
France	08 12 13 28 22 09
Carlo	07 12 22 30 15
Utalied Kangdom	-14.7 -13.4 -8.3 -10.1 -2.5 0.3
	"我们们是我们是这一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个
Anna Na	95 25 82 49 D7 24
AND THE PARTY OF T	2- 199 07 01 28 25 31
Asset No.	28 50 63 61 63
THE LAND SHEET	84 143 148 116 182 91
orce (Inche) a California di	Complete a including Segmen Section regardless

The report thus recommends setting up an international "marketing-cum-information agency" such as the Japanese External Trade

oping countries early warning of impending market Unctad acknowledges that

a huge export drive by the

dislocations in the North, even though new markets would be opened up in developing countries for the North's more sophisticated manufactures, capital goods and services. Over 10 years, developing-

country penetration of northern markets could donble, affecting over 12 per cent of manufacturing employment, Unctad esti-mates. If the North grew slowly and exports from the South expanded rapidly, penetration could exceed 20 per cent of northern mar-kets for manufactures.

"With the depressed demand conditions and growing labour market problems which have characterised the North over the past 20 years, the scale of market penetration envis-aged might trigger an intensification of protectionist pressures." the report says. In analysing the lessons from the east Asian "mira-cle", Unctad argues that effective government intervention was crucial. "Markets alone cannot generate export-oriented industriali-sation". Despite globalisation and stricter trade rules, developing countries still have room to pursus selective industrial policies, the report says.

There's He

• Trade and Development Report 1996 (Sales No.E96.ILD.6). UN Sales Section, Palais des Nations, CH-1211 Geneva 10, fax +41 22

Manfredonia Sviluppo

Società Consortile per Azioni

F.E.S.R.

GLOBAL SUBSIDY FOR THE CRISIS AREA OF MANFREDONIA - ITALY

Aid for the realisation of entrepreneurial initiatives and inter-company infrastructures

Manfredonia Sviluppo - a syndicate company with mixed private and public capital established in April 1994 with the sim of promoting the relaunch of the production activities and employment in the Province of Foggia - is the intermediary authority for the Global Subsidy for the reindustrialisation of the crisis area of Manfredonia, deliberated by the European Union on 24th July 1996 for a total of 25 million ECU (approximately 50 billion lira) with the co-financing, decided on 3rd May 1996, of 19 billion lira from the Ministry of Labour.

The Global Subsidy for companies will be divided between technical assistance for the elaboration of projects, the awarding of recognised grants and support for the starting up of the initiatives, further details of which are to be found in the Guide Lines available to all interested parties from the Company's office.

For each initiative considered eligible, Manfredonia Sviluppo will organise specific inquiries aimed at verifying the technical-economic viability of the initiative and evaluating the reliability of the proposing entrepreneurs.

RECIPIENTS OF THE GRANTS FORESEEN BY THE GLOBAL SUBSIDY ARE:

- New initiatives by small and medium sized enterprises (according to the enclosure of the Recommendation of the Commission no. 96/280/CE of 3/4/96 EC Official Gazette no. L 107 of 30/4/96), who will be able to benefit from a recognised grant of up to a maximum of 40% calculated in Net Subsidy Equivalent plus a further 15% in Gross
- * New initiatives by large enterprises who will be able to benefit from a recognised grant of up to a maximum of 40% of Net Subsidy Equivalent.

The subsidised initiatives must be situated in the Communes of Manfredonia, Mattinana and Monte S. Angelo (Province of

Extensions of pre-existing activities in the above mentioned areas will also be eligible provided that they are characterised by significant increases in employment levels.

To be eligible for the benefits of the Global Subsidy, the initiatives must be part of the sectors of Classes C - D of the Classification of Economic Activity ISTAT '91 or services for companies if these activities are connected to the production cycle of the same, as indicated in the Guide Lines available to interested parties, with the exclusions listed in enclosure no. 2 of the Ministry of Industry Circular no. 38522 of 15/12/95, published in the Gazzetta Ufficiale no. 156 of 30/12/95,

The Global Subsidy will finance the realisation of minor inter-company infrastructures for the recipients of recognised grants, proposed by the Consortium for the Area of Industrial Development of Foggia.

The projects presented will be classified according to the following criteria:

value of the capital invested in the initiative by the enterprise compared with the total investment.

 number of employees activated by the initiative compared with the total investment. For the purposes of classification, the procedures of standardisation and of the consequent total deviation will be used, as per sub-section 4 of article 6 of the Ministry of Industry Decree 20/10/95 no. 527, within the limits of the indicators in numbers 1 and 2 (regulation containing the method and procedure for the awarding of grants in favour of production

activities in depressed areas of the country - Gazzetta Ufficiale no. 292 of 15/12/1995). The inquiry carried out by the Intermediary Body for the selection of the projects and for the admission of the initiatives for the foreseen subsidies is final. The grants will be awarded within the limits of the available public

The classification of the eligible initiatives will be published in the Bollettino Ufficiale of Regione Puglia.

Companies or parties, which intend to present investment projects for concessions from the Global Subsidy, must file their application according to the procedures laid down in the Guide Lines and enclosure no. I, together with the requested documentation - by registered post addressed to MANFREDONIA SVILUPPO S.C.P.A. Via Valentini Vista Franco. 1 - 71100 FOGGIA - Italy, not later than 30th November 1996. The date of the postmark will be considered valid.

Further information about technical assistance, together with the relative forms to be used for the application and the Guide Lines for the evaluation of the projects, can be requested directly from the Intermediary Body:

Manfredonia Sviluppo S.C.p.a., Via Valentini Vista Franco, 1 - 71100 FOGGIA - Italy Tel. +39/881/720540 - 727992 Fax +39/881/723091

Selling US cars in Japan: more than a matter of trade policy

Selling any cars in Japan is a difficult business these days, writes Michiyo Nakamoto as talks on opening the market end

ago the pressures of trade friction with the US led Tokyo Nissan Auto Sales, Japan's largest Nissan dealer, to devote two of its outlets to selling Ford cars.

So far, Ford Tonichi, the subsidiary set up by Tokyo Nissan and the first Nissanaffiliated dealer to sell cars made by the US company, has sold just 400 vehicles and has piled up debts of about Y300m (\$2.8m). "You need a lot of money and resolve," says Mr Mikio Kurokawa, an official of the

As US and Japanese trade negotiators conclude two days of meetings today to review progress of a bilateral accord on opening Japan's markets for foreign cars and car parts, dealers in Japan are more worried about their long-term survival than about a renewed flare-up of US-Japan trade tensions.

The US side has expressed unhappiness that the number of car dealers handling US cars has increased by just 107 against a self-set target of 200 by the end of this

While Japanese car dealers' strong relationships with Japanese carmakers is still a deterrent to handling US cars, as one Japanese dealer admitted yesterday, it is not the only one. Concern about the profitability of such a venture is as much a source of the dealers' heatta-

domestic car market over made life increasingly diffi- groups. cult for Japanese car dealers, who have never been very profitable.

A study of 1,852 dealers by the Japan Automobile Dealers' Association unvailed last week, showed that sales per company fell 3.2 per cent in the year to March 1996.

any dealer in the Tokyo area make them. The biggest that is making profits."

ore than two years their dealers face by provid- be launched in the Japanese 7,189 units of the car since ing sales support and incentives, which have made deal- a lack of familiarity with the ers financially dependent on their suppliers. It is ques-tionable whether car dealers division of Saturn. GM, can survive without the which has recruited six comincentives [provided by the carmakers]" says Mr Takaki have 20 outlets by the Nakanishi, industry analyst launch.

at Merrill Lynch. To win over Japanese dealers, foreign carmakers would need to convince them that selling their cars can be profitable. "Dealers want to

panies so far, is looking to

The main problem is that people do not know our products," adds Chrysler, which purchased an inde-pendent dealership last summer to boost its presence in

apanese car imports

know if we can provide them Intense competition and with a range of models and with the Jeep, but don't the sluggish growth of the how much profits they can know that Chrysler has make," says Chrysler, one of other models to offer." the past few years have the other big three US car The disappointing perfor-

> Japan, that is no simple amid much fanfare has not task. "It's not like selling a made the task of recruiting Mercedes-Benz, says Mr Kurokawa. "Japanese brand consciousness still leans managed to sell only 605

problem General Motors has Japanese car makers have had in recruiting dealers to the GM-made Cavalier under

Japan. "People are familiar

mance of many US-made For US carmakers with a cars which have been limited track record in launched recently in Japan dealers any easier. Since June, Chrysler has

heavily towards the Euro- units of the Neon, its sedan in the year to March 1996.

"Selling cars alone is not profitable," says Mr Kurokawa. "I don't think there is and the companies that was leared as a Japaend of the year.

Even Toyota, which sells made up for the difficulty sell the Saturn, which will its own name, has sold only

market next spring, has been January and looks set to miss its target of 20,000 for the year.

Furthermore, starting a car sales outlet is a big investment that does not usually deliver returns for many years. Tonichi Ford profit until its sixth year, Mr Kurokawa says. And it will take much longer to wipe out its accumulated debts.

The dealer was able to use existing outlets provided by its parent but most dealers would have to invest between Y2bn and Y3bn to open an outlet. To make matters worse, unlike Japanese car companies. Ford does not provide any inceptives, according to Tonichi.

Whether a Japanese company can take on foreign cars depends to a large extent on its financial strength, admits Mr Hiroo Tanabe, general manager of external affairs at Ford in At the same time, US car

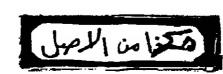
makers are being selective about the dealers they choose, which makes the process of building up a network a time-consuming one. "There are a lot of people that want to come into the imported car market because they think they can make a

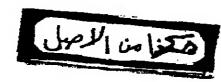
quick buck," Ford's Mr Tanabe explains: "But Ford doesn't want just any dealer. so we have had to reject many dealers interested in handling our cars."

There is, meanwhile, one development that could boost the prospects of US companies trying to recruit Japanese dealers.

The poor profitability of their dealers is putting a strain on Japanese carmakers, which spend a significant proportion of their profits supporting their dealers. When Japanese car makers decide they can no longer sustain that system, says an official at one car maker. the shake-out could provide an opportunity for US com-

"Even without political pressure, the dealer-manufacturer relationship is fall-





1700r

THE TIERNATORIE TIMES, TURESDAY, SEPTEMBER 10, 1996

Office Copiers

ITHE TIERNATORIE TIMES, TURESDAY, SEPTEMBER 10, 1996

Office Copiers

Office Copiers

It is Suggest to the second service of Its Office of Its

There's never been a better time to give Rank Xerox a call.

Last week, Kodak® announced the sale of their copier business. That's big news. And a big change if you're a Kodak customer. Which makes right now the best time to give Rank Xerox a call. Because no matter how things change, some things stay the same. As a Rank Xerox customer, there are things you can always count on. You can count on our people for the technology, service and support that have made us the industry leader since the day we invented the copier. You can count on a full product line—from traditional copiers and colour copiers to digital document machines.

You can count on the flexibility to respond to your needs today.

And you can count on our continuing research and development to meet your needs tomorrow.

To learn more, call your local Rank Xerox representative. And hear some good news, for a change.

THE DOCUMENT COMPANY
RANK XEROX

Lebanon curb

on political

ebanon yesterday banned

broadcasts of political pro-

50 private television stations

and 150 radio stations and

ordered them to close by the

Political broadcasting is

now restricted to four TV

stations and three radio out-

lets controlled by the pro-government establishment, a

move that risks serious pro-

The opposition and private media operators condemned

the move, saying it restricted press freedom and

concentrated the media in

the bands of powerful politi-

cal, sectarian and business

The government granted

licences to four television

stations - owned by Mr Rafiq al-Hariri, the Sunni

Moslem prime minister, Mr Nabih Berri, the Shi'ite

speaker of parliament and Hizbollah rival, the brother of the Greek Orthodox inte-

rior minister, Mr Michel Murr, and to LBCI, the for-

mer station of the now dis-

banded Maronite Christian

Lebanese Forces militia, in

which leading Christian

Eleven radio stations

were licensed, but only three

may air news and pol-

itical programmes. These

ousinessmen have invested.

test by opposition groups.

end of November.

broadcasting

grammes and news by about parliament - tightly man-

Mr Berri, and LBCI.

The clampdown on Leba

non's freewheeling media

follows recent elections to

aged by Syria - Which

returned an overwhelmingly

pro-Syrian majority grouped

Hariri and Mr Berri.

around two blocs loyal to Mr

Mr Paul Salem, director of the Lebanese Cenre for Pol-

icy Studies, said although

there was a rational argu-ment for re-organising the audio visual media industry,

clear favouritism had been

shown. "The end result is

that now four or five politi-

cians in the country monopolise the public and

Most of the television and

radio stations were set up

amid the anarchy of the Leb-

anese civil war of 1975-90 as

monthpieces of the militias.

In the aftermath of the war

mercial operations and competed for a slice of the lucra-

The broadcast media was

the fastest growing economic sector in Lebanon,

and the closure of large

parts of it will put thousands

of highly skilled young pro-fessionals out of work.

Mr Salem said: "Syria has

successfully consolidated a

friendly local power struc-

ture in Lebanon, having just won elections, and now they

most stations became

tive advertising market.

private sector," he said.

By John Barham in Arbil,

The talks between US officials and Mr Massoud Barzani, the Kurdish leader allied to Iraq, due to take place in Ankara last night, brought a palpable sense of relief to Iraq's Kurdish north

It was only two weeks ago that Mr Barzani and his Kurdistan Democratic Party dent Saddam Hussein's help to recapture the Kurdish city of Arbil from the rival Patriotic Union of Kurdistan (PUK). Following that, and despite US retaliation in southern Iraq, Mr Barzani has won virtual control over the Kurdish north.

Yesterday Mr Barzani arrived in Ankara for talks with Turkish leaders as well US assistant secretary of son why Mr Barzani is try-

Few, if any, Kurds ever felt secure about Mr Bar- relieved Washington has so zani's deal with Mr Saddam. A shopkeeper in Sulaimaniya, the enclave's biggest city, said: "There will be peace in Kurdistan, but the United States will help Barzani, directly or indirectly." Although fighting has died

down and Iraqi government forces have withdrawn from the city, fear of Mr Saddam's Mukhabarat or intelligence services remains widespread. There are no longer reports of abductions of Iraqi opposition members by the

Mukhabarat, but Kurds now feel that walls have ears. Few dare criticise Mr Barzani openly, but in private show contempt for him, calling him a "traitor" or "corrupt". Such apprehensions among Kurds are a main rea-

Mr Saddam.

Even KDP officials are readily reopened communications with Mr Barzani. One party member close to him said: "We ask Mr Pelletreau that protection and international assistance for the Kurds continue. If we have that protection we will

Mr Barzani blamed US indifference to rising tensions with the PUK for driving him into the arms of Mr Saddam. But he has also been claiming that he has no intention of being tied to the Iraqi regime.

Mr Barzani is in a vulnera-ble position and his move risks provoking Iraqi retaliation. Iraqi media yesterday warned Mr Barzani against meeting with the US. While admitting that Mr Barzani will be unable to cut

with Mr Barzani had the short term objective of maintaining some US footbold on the ground by securing KDP help to protect people working for US agencies in northern Iraq and keeping the US aid organisations operating. In the longer term, the aim is to attempt a reconciliation between the two rival Kurdish factions.

As to Mr Barzani, aides said he may also want the US to return its token - but psychologically very impor-tant - military presence in northern Iraq and resume aid programmes. Residents' morale collapsed with the sudden departure of the USled military co-ordination centre from the border town of Zakho and termination of the US government's aid

Mr Ali Akbar Velayati, the



Barzani: few dare criticise him openly

those he considers to be "spying for foreigners" from a general amnesty he decreed for Kurds, leaving local employees of aid agen-cies terrified that they might face execution. Their fear

"We think Kurdistan is not safe," said a doctor. "Saddam will take it militarfly or slowly, in co-ordination with a Kurdish party." Hollow-eyed with fatigue and fear, he said he

Iran is anxious to contain Gulf conflict

In Tehran's view, Saddam's Iraq is a safer bet than an ungovernable Iraq, writes Kasra Naji

Osters have been put up in the streets of Tehran to mark what has been officially termed Holy Defence Week to comthe start of the Iran-Iraq war

The occasion has provided Iran's leaders with an opportunity to call on the armed forces for extra vigilance at a time when the situation in northern Iraq remains volatile and the US continues with its military build-up in Kuwait and elsewhere in the

mined not to get sucked into the crisis. To ensure this, Iran has been strengthening its defences along the border with Iraqi Kurdistan. At the same time it has begun a new round of diplomatic the help of Iraqi forces.

The immediate concern is the possibility that the fighting between the two main rival Kurdish groups and involving Iraqi troops might spill over into Iran. Already the forces of the Patriotic Union of Kurdistan are using mountain passes on the border to shift troops. And in the past few days clashes between forces of the PUK and the Kurdistan Democratic party near the Iranian border.

There is also the possibility that Iranian opposition forces - the Iranian KDP and the Mujahideen - might use the new chaos in the border areas to attack Iranian villages and towns with

Iran is also anxious about a Turkish plan to establish a buffer zone in northern Iraq which Turkey's own Kurdish condemns the plan to estab-

foreign minister, held talks with Turkish leaders on Sunday, to explain Iran's position. Mr Mahmoud Va'ezi, his deputy, has been deslish a buffer zone as it conpatched to Moscow to enlist travenes Iraq's territorial Russian support. And Iran integrity," said a Tehran has also been in close con-

Iran imagines it is 'the number one enemy of the number one state' – diplomat

radio commentary which sultation with Syria to reflects the view of the Iranian foreign ministry. It called for joint action by Iran, Turkey and Syria - the three countries which border Iraqi Kurdistan - to contain

strengthen its hand in dealing with Turkey.

Iranian officials say that for Turkey to establish a buffer zone would be the first step towards the disintegration of braq. But they for an eventual military

admit that there is little that Iran could do if Turkey went shead with such a plan. Iran prefers a strong cen

tral government in Baghdad albeit in the form of an unpredictable former enemy. President Saddem Hussein to an Afghanistan-type situation in which several groups claim power and no one is in

Meanwhile, Iran has always viewed any US military build-up in the region with suspicion. Iranian officials believe that the so-called "dual containment" strategy of the US in the region to keep Iran and Iraq under pressure is geared more towards Iran than Iraq. They believe that the US has been preparing itself and international public opinion

saw itself as "the number one enemy of the number one state". Diplomats say the US knows full well that any military action against Iran could help generate support among its population

One diplomat in Tehran

said Iran had a misplaced sense of self-importance as it

for their government. For the moment, while calling on the armed forces to be more vigilant, Iran seems to be no more than a passive observer of events, and that according to one observer in Tebran, is no bad thing. "At least they are not doing something foolish," he said.

Meanwhile, many ordinary people seem concerned

Arafat.

issues and the redeployment

of Israeli troops from the

West Bank town of Hebron.

Action urged on water shortages

are owned by Mr Hariri, will control the media."

The number of people living in Africa could rise from can sell water rights to 300m to 1.1bn by 2025, says a water companies. report by a Washington- ● A change in a based think-tank which calls practices, including for greater action on the

The report* by the Worldwatch Institute says that gated in a Nepalese pilot areas which face worsening water shortages should make more use of water-savexpected to focus on security ing measures tried else-

> It adds that policy-makers have yet to understand that new engineering projects such as dams will not be enough to solve water shortages, which could threaten countries' security and food supplies.

The report calls for: Removing subsidies and charging more realistic

 Californian-style restruct. uring of tariffs to encourage

 Water trading, as practised in Chile, where farmers A change in agricultural practices, including a switch

to drip system irrigation which doubled the amount of land that could be irriproject.

Water-sharing agree-

aided by the involvement of third parties such as the World Bank, swaps of other assets such as energy, or land-crossing rights, joint management of water resources and attaching monetary values to disputed resources

Dividing the Waters: Food Security, Ecosystem Health, and the New Politics of

Mordechai approves new West Bank homes

Israel's defence ministry in a Jewish settlement in the West Bank. The decision could be aimed at strengthening Israel's push forward the peace position in a final settlement process. with the Polestinians, Israeli

The decision by Mr Yitzbak Mordechai, the defence minister, confirms the government's intentions to step up the expansion of homes to be built despite

the Likud government Palestinians. intends to create new ones. extensive expansion of existing settlements but had halted new ones in a bid to

But since the election of the rightwing Likud government last May, Mr Benjamin Netanyahu, the prime minister, appears determined to allow new

existing settlements. sharp criticism from Israeli existing However, it is still unclear if peace groups and the boundaries."

yesterday approved plans to The former Labour move would have a negative plans by the previous in the coalition.
build a further 1,800 homes government had allowed the psychological effect on the government. The latest He went fur peace process which has virtually come to a standstill since Likud came to power.

"Of course we will be criticised about this plan," a government spokesman said.
"But there is nothing in the [Israeli-Palestinian] interim agreement and there is nothing written down which states we cannot continue to build new homes within the

Yesterday, they argued the it was simply unfreezing three ultra-orthodox parties approval is for Matityahu, an ultra-orthodox settlement of 2,400 people. It is in the West Bank, close to Israel's pre-1967 border.

A government official insisted the homes were sary, especially for the ultra-orthodox "because of natural reasons. They have large families. They need room." But Likud

settlement is beholden to meeting its Yassir oundaries." pledges on expanding the Palestinian Authority
The defence ministry said existing settlements to the president, were due to hold talks in Gaza. They were

He went further by suggesting that both the Israelis and the Palestinians were trying to strengthen their negotiating position in the event of any final agreement even though many of the commitments in the 1995 interim agreement have yet to be fulfilled.

The announcement of the approval took place hours before Mr Mordechai and Mr

The redeployment from Hebron is long overdue. But so far Mr Netanyahu has given neither a commitment

nor a timetable for their withdrawal, an issue which Mr Dennis Ross, the US special envoy, was due to raise with Mr Arafat in Gaza

Good-bye Battery



Welcome to the future: Seiko Kinetic*, the first and only quartz watch that turns your movement into power. Every move you make is converted into electrical impulses by a tiny built-in powerhouse. Ecological, reliable and efficient: wear it just one day and produce energy to last at least two weeks. Wear it daily and it will run continually. 3 bar water resistant. Seiko Kinetic - it's built to last. Someday all watches will be made this way.



IN INDONESIA WE PROTECT THE RAINFOREST WITH FISH.

787 project per complex in over a hundred fish pends being buth

in the Irina Jaya painfo tem Indonesia. 🔘 The fish ponds provide a much eded, reliable source of income They also produce an invaluable

to take care of the local min fores The ponds require a supply of clean fresh water. This is only available broughout the year if water room of the neighbouring trees are large intact. Which gave WWF good season to provide plans and concrete for the poods, and fish to stock them with. And because we believe it is more

example than by just giving advice, workers belied to construct rece ranks and dig fish ponds. Now an entire my benefits, and the entire communic

rups the fish pond without would like

so belo us ses op practical projects to

(**Q**) WWF World Wide Fund For Nature (formerly World Wildlife Fond)

CONTRACTS & TENDERS



PRIVATISATION DIVISION **GOVERNMENT OF PAKISTAN**

FINANCIAL ADVISOR FOR MULTAN. FAISALABAD & MUZAFFARGARH POWER PLANTS

Privatisation Division, Government of Pakistan is pursuing the privatisation of stateowned utilities by selling strategic stake with transfer of management control, to well-qualified and reputed international investors. With regard to the power sector, a strategic plan for restructuring and privatisation of Water & Power Development Authority (WAPDA) is being followed under which selected asset blocks (like generation units, distribution networks) are being corporatized, and 26% stake in the corporatized entities, along with transfer of management control, is being offered to

Privatisation Division is looking for a Financial Advisor in order to embark upon the privatisation to three power generation plants, located in the province of Punjab, namely Multan Thermalk Power Station (260 MW), Faisalaband Steam and Gas Turbine Stations (376 MW) and Muzaffargah Steam Station (840 MW). These three power facilities feed into WAPDA's national grid, WAPDA, being the owner of the three plants, has already created a separate organization (call WAPDA Private Power Organization - WPPO) to oversee the privatisation process. The plant management have been asked to assemble the data, and make the necessary documents available, so as to facilitate the work of the Financial Advisor.

Applications are invited from reputed investment banks, or consortiums, for providing the Financial Advisory Services, giving the following information:

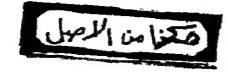
- Technical and financial information on the firm/consortium.
- Description of projects undertaken in the power sector.
- List of projects on privatisation undertaken by the firm/consortium. Name and curriculum vitae of key staff and their work experience.
- List of international affiliates with their confirmation letter. Details of full-time presence in Pakistan, with particulars of professionals
- 7. Affidavit that the information/documents submitted are accurate.

Interested Firms/Consortiums would be pre-qualified on the strength of their past experience of similar assignments and the experience of the relevant staff. Terms of Reference (TOR) for submission of proposals would be made available only to the pre-qualified bidders.

Expression of Interest for pre-qualification should reach the following address by close of office hours, latest by Monday, September 30, 1996, at the following address:

Mr. Khalid Ahmad Khan.

Deputy Secretary (Power), Privatisation Division EAC Building, Constitution Avenue, Islamabad, Pakistan Ph: (92-51) 9215466 Fax: (92-51) 9203076



NEWS: UK

1992 and 1995.

Car workers demand 7% pay increase

By Robert Taylor, **Employment Editor**

yesterday demanded a pay rise of at least 7 per cent. The current average earnings increase in the UK is running at 3.75 per cent.

It is the first big challenge for Mr Walter Hasselkus, Rover's chief executive who arrived from Germany to take up his post a fortagreement ends on November 1

The size of the pay claim reflects demanding fair recompense for determination by union negotiaa determination by union negotia-Workers at Rover, the UK vehicles reward past productivity perforsubsidiary of BMW of Germany, mance. In addition, the Rover German staff.

The Transport and General Workers union national officer for 12 per cent." the car industry, Mr Tony Woodnight ago. The current two-year ley, said: "As union bargainers we must stop making apologies for sive productivity improvements

tors to achieve wage increases that ments they have made in their productivity. We see 7 per cent as the very minimum of what we need." workers want a cut in the basic. The union represents about half number of working hours needed working week from 37 hours to 35. the workforce. Demanding pay to build each Rover model between hours to bring them more into line rises in line with inflation is no with the time worked by BMW's longer enough, particularly when corporate fat cats are enjoying earnings increases that average

> Mr Woodley said the unions believed Rover had secured impres-

edged there had been a more modest achievement in recent months. The claim points out that there has been a 43 per cent cut in the to build each Rover model between

The unions at Rover are also demanding three extra days holiday a year and improvements to the holiday bonus. They are seektwo years.

In November 1994 the pay talks at Rover proved difficult and the final 10.7 per cent pay rise over two years was only accepted narrowly by workers in a secret hallot.

Two other car companies in the UK - Jaguar and Peugeot - also face wage negotiations this autumn but current agreements at Ford and Vauxhall do not terminate until late 1997.

In a separate development, Ford ing a 12-month agreement. Motor Company has reached agree-although the current deal was for ment on a European works council ment on a European works council for its employees across Europe.

Airport operator plans increased travel links

By Charles Batchelor, Transport Correspondent

BAA, the operator of London's Heathrow Airport, yesterday unveiled plans for links to the national rail network once a new London Underground rail terminal opens in 1998.

The company has begun talks with five train-operating companies with the aim of creating rail links to a wide range of destinations in London, to Gatwick Airport and the south coast and north to Birmingham and

These proposals form part of a programme intended to encourage airline passengers to travel to the airport by public transport rather than by car; BAA wants to increase the public transport's share from 34 per cent to 50 per cent. This will form

the public inquiry now June 1996. A further 270m under way into plans for a fifth terminal at Heathrow. Technical director, Mr Michael Maine, said: "We are doing more than anyone could have hoped for, or expected, to encourage pub-lic transport. This will not only benefit travellers to the

airport but also London and

the south-east generally." BAA also hopes to create a bus and coach lane on the M4 motorway approach to the airport - the first time that such a lane has been established on a British motorway - and is in talks with the Highways Agency.

BAA has already
announced plans to spend £500m (\$780m) on rail improvements at the airport including £350m on the

Heathrow Express link

which will provide a 16-min-

ute journey time to London

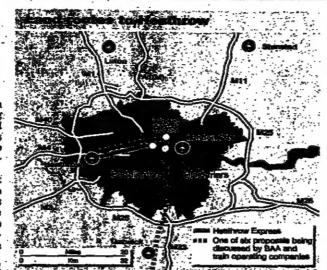
will be spent on extending the Piccadilly Underground line to terminal five, if it is built, while £80m would go on a main line link and sta-tion at terminal five • The British government will today announce plans to

improve the way it provides subsidies to encourage freight to go by rail and to increase the sums it provides for long-distance freight journeys.
This follows a critical National Audit Office report last month which accused officials of setting unrealistically tight conditions for

making the grants and sus-tained pressure from rail

freight operators for greater

flexibility. Mr John Watts, rail minister, is to announce an increase in the allowance given to hauliers who switch



rail from 5 pence a mile to 20 pence a mile.

He will also unveil proposals to streamline application procedures for the rail freight grant to improve take-up and provide speedier assistance for more ven-

"These proposals are very welcome," said Mr Chris

Freight Group, which repre sents and advises freight operators. "We had been arguing for 25p per mile but this increase will help to tip the balance in a number of cases we are currently looking at. Long-distance shipments which at present go by motorway are the prime target for rail opera-tors."

enter market

By Alan Cane and Raymond Snoddy in London

The RBC plans to launch a service on the Internet which could promote greater acceptance of the global computer network in the same way that the BBC Computer popularised com-puting in the 1980s.

owned by Fujitsu of Japan,

expected to go live in the

of a much broader BBC strategy to exploit its programme library and exper tise in a wide variety of digital forms - ranging from Lex, Page 14 online to digital satellite and digital terrestrial br casting. The corporation is also in talks with Flextech, the television channel provider controlled by Telecommunications Inc of Denver. If the deal is agreed the two

> channels together. ICL will not be paid a fee for its services but will take a percentage of the subscriptions paid for the service.

gramming and content while ICL has designed the system and is taking responsibility for the technical specification.

last night.

BBC to Internet

Contracts have been signed between RBC Worldwide, the public broadcaster's commercial arm, and the multimedia division of ICL, the UK computer group

to design and run the ser-BBC Worldwide will mnounce the service within the next two weeks. It will feature news, weather and travel information as well as educational and entertainment material. It is

early part of 1997. The BBC confirmed last night it was in discussions with ICL and other companies and would make an amnouncement shortly. It is understood that ICL has US, the world's largest soft-

won the contract in competition with Microsoft of the ware company, which has launched an Internet television service in a joint venture with NBC. The deal with ICL is part

companies will launch at least six satellite television

The BBC is providing pro-

The main selling points will be speed - compared with the frequent delays experienced by users - and ease of use. There will also be a "morality button" to ressure parents who might fear their children could use the service to view pornography and other unsuitable material available on the Internet.

ICL declined to comment

UK NEWS DIGEST

Army displays tank fire-power

The British Army yesterday demonstrated its latest generation of main battle tanks to its European counterparts as part of international arms control agreements. A group of 35 officers from 20 nations watched the 65-ton Challenger II tank, made by Vickers Defence Systems, destroy six tank targets in 26 seconds at ranges of up 1,500 metres in a deafening display of fire-power. The display was called to demonstrate the army's new tank under the Vienna Agreement, Challenger II, capable of speeds up to 56 kmh, also destroyed targets on the move on the Lulworth ranges in Dorset.

The tank, which was first delivered to the army two years ago, has been criticised for poor reliability. However, in recent trials, the tank demonstrated dramatically improved levels of performance. A test in Saudi Arabia in the 50 deg C heat of August as part of an effort to win export orders also went well.

Vickers is in contract negotiations with the Ministry of Defence about when the army will accept the tank into full service.

Bernard Gray, Luluorth Camp, Dorset

■ BREWING INDUSTRY

Minister backs pub ties

The government would oppose any change in laws of pub ownership which would disadvantage British brewers compared with their European Union counterparts, Mr John Taylor, minister for corporate and consumer affairs said yesterday. He met representatives from brewers and pub owners to help the government prepare for negotia-tions with the EU on the issue.

The EU is reviewing its exemption from competition policy of European brewers' ownership ties and supply agreements with pubs. The current exemption expires in December, 1997, but the UK industry believes the Euro-

pean Commission will renew it. Brewery ownership of pubs is the main form of tie in the UK while financial support by brewers of pub owners is typical in Germany, Italy and some other European countries. The EU objected recently to one British provision which allowed tenants tied to a brewer to serve a guest ale" from another brewer. It said the law discriminated against lagers.

LIMITED LIABILITY

Jersey legislation to be probed

The Jersey parliament is likely to set up an independent inquiry into the way in which a law allowing the big accountancy firms to register on the island has been han-dled by politicians and officials.

Yesterday Senator Pierre Horsfall, president of the sland's finance and economics committee, said he would ask parliament to set up the inquiry to stop "gossip and innuendo" about the new law. The legislation, which would allow hig firms to register on Jersey and establish limited liability partnerships, has caused controversy with critics saying it was "fast-tracked".

There was also concern from some members of the parisment over the role of the "big six" firm, Price Waterhouse, in helping to draft the legislation. The firm provided free legal advice to help Jersey legislators.

The legislation goes before the island's parliament, the States, for its third and final reading next Tuesday and if passed is likely to be used by at least two of the six firms Price Waterhouse and Ernst & Young. Jim Kelly, Jersey

Multinational menu Pearls Tracked States (SGC (SGC)



Appetite for pasta up sharply

The British are becoming avid pasta eaters, making the UK the second fastest growing market in the world, after a 53 per cent rise since 1991. Euromonitor, the market research consultancy has predicted that sales will rise by 41 per cent to £220m (\$343.2m) by the end of the century. UK consumption is still far behind that in Italy - but the biggest consumers in the world are Americans and Japanese. The figures include sales of noodles. Sales of fresh pasta in the UK grew 90 per cent between 1991 and 1995 to £48m. Dried pasta sales stood at £111m in 1995. Makers of dried products are trying to stimulate sales with fisvoured, shaped, patterned, quick cook and wholewheat versions. As the UK market grows, local manufacture particularly of fresh pastas is increasing and displacing imports. Pasta Reale is the brand leader in the fresh sector with a 29 per cent market share and Nestle's Buitoni leads the dry sector with 12 per cent. Roderick Oram

Airline sheds 5,000 jobs to save \$1.5bn

By Michael Skapinker. Aerospace Correspondent

British Airways is to offer voluntary redundancy to 5,000 employees - and will hire the same number of recruits - as part of plans to save £1bn (\$1.56bn) over

Mr Robert Ayling, BA's chief executive, said yesterday that several areas of the company, including baggage handling and ticket processing, had been told they would have to cut costs to the level achieved by outside

suppliers. Failure to do so would mean their work being put out to contract But the company did not announce any immediate plans to contract out work. Mr Ayling told staff the cost-cutting plan was essen-tial if BA was to maintain its lead in the international airline industry.

He said: "Today marks the start of the next stage on our. long journey from privatisation. In 10 years we have an airline which has few equals. To be a success in

the next century, we have to on over the next three years, bear in mind the transformation we achieved in the past, and then do it all over again."

Mr Ayling said the redundancy programme would start in November and last for 18 months. Voluntary severance or early retirement would be offered only to UK employees, who account for 46,000 of the airline's 55,300 staff. He said BA flight punctuality and share hoped to avoid compulsory transformed ourselves into redundancies, although these could not be ruled out. Which it has a minority

so that by the end of the decade the airline will have around the same number of employees as it has today. Mr Ayling said the new staff would have the skills BA needed to succeed in the

future, including languages. Mr Ayling said BA planned to reduce advertising and promotions expenditure. It would also improve more of its aircraft with Qantas of Australia, in The recruits will be taken stake, and American Air-

ment approval for their alliance, announced in June. Mr Ayling said BA planned to develop interactive on-board entertainment goods, gamble or watch "pay-per-view" films and

television programmes.

BA is considering inviting investors to take a minority stake in its engineering and maintenance system.

awaiting US and UK govern-

Smooth take-off, Page 13

5.6 per cent in the latest

three months compared with

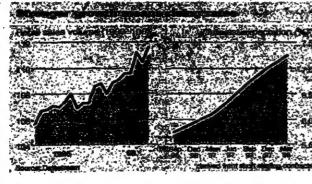
Recovery is 'most balanced in Europe' 6 per cent from the present 5.75 per cent at his monthly

By Graham Bowley,

The present economic recovery represented "the most balariced and sustainable economic growth of any major European economy", the UK Treasury said yester-

Figures from the Office for National Statistics showed that sales in city shopping streets were growing at their fastest rate since 1988, making it increasingly unlikely that Mr Kenneth Clarke, the chancellor of the exchequer, would be able to cut interest rates again without alarming the financial markets. The ONS said retail sales rose a seasonally adjusted

1 per cent last month and were 4.4 per cent higher than in August last year. while the pound rose against central bank), pushed to be driving most of the the dollar. strongly for rates to rise to increase. Sales of textiles, The acceleration in retail



ries of the late 1980s consumer boom and provoked a kets concluded that interest strong reaction in financial markets as investors feared current growth rates wereunsustainable and would much stronger than City lead to rising inflation. . UK government bond and cided with the news that Mr share prices fell back on Eddie George, governor of fears of rising interest rates, the Bank of England (the UK

The financial futures marhigher by Christmas.

rates were likely to be The figures, which were economists expected, cointhe Bank of England (the UK and household goods appear

monetary meeting with Mr Clarke in July. The minutes of the meeting, published yesterday,

showed that Mr George expressed concern that economic growth, especially consumer spending, was stoking inflationary pres-However, Mr Clarke said

he was prepared to raise rates early if inflationary pressures picked up, but he saw no evidence yet of those pressures". In the three months to

August, retail sales volum were 1.6 per cent higher than in the previous three months, the strongest growth since August 1988. Sales of clothing, footwear to be driving most of the

the previous three months, the strongest growth for a Household goods, especially electrical goods such as televisions, are benefiting from the present recovery in the housing market. Cloth-

ing sales have been boosted by new autumn fashions and heavy discounting as prices have fallen below last year's Overall, sales by non-food stores rose 2 per cent between July and August.

Sales by food stores were fist There were widespread declines in retailers' share prices, suggesting investors believe the high rates of

Major's morals, Page 13

growth are unsustainable.

activity reawakened memo-Ostrich farm funds take flight

Nearly a third of the birds sold to investors 'never existed'

early a third of the 3,700 ostriches sold to investors by Ostrich Farming Corporation did not exist, and at least 400 of the others have died, according to the company's joint liquidator.

Mr Adrian Stanway, accountants Coopers & Lybrand, also said that of nearly £22m (\$34.32m) raised by OFC from 2,700 investors, no more than £5m could be explained by the purchase and upkeep of birds.
The collapse of OFC,

closed down in April on public interest grounds by the Department of Trade and Industry, has left the liquidstors with two linked problems - how to care for nearly 2,500 ostriches on Belgian farms and how to maximise the return to creditors, including the owners of individual birds.

The owners paid up to £17,700 for birds whose market value is now estimated to be £400 at most. Having invested on the promise of annual returns exceeding 50 per cent, they now realise that the hope of retrieving any of their outlay will

General Sir Robert Pascoe, of the Ostrich Owners Pro-tection Group, said: "I know of a secretary who borrowed money from her boss to invest. I know of someone who mortgaged his house."
OFC sold 3,700 ostriches to investors, but only 1,876

adult birds and 620 chicks had been identified in the records held by Mr Eddy Nachtergaele, the Belgian farmer who reared them, Mr Stanway said. The "ostriches" OFC allocated to other investors were only the numbers of micro-

chips which had not yet been implanted into specific birds' necks for identification purposes. The actual number of live birds will not be known until they are counted in November, after the breeding season ends. At least 400 have died, however, after a mix-up over feed. Mr Nachtergaele has agreed to replace these and any others who have

reached after Mr Stanway's appointment in July. The parallel effort to trace and recover the missing impasse which had develmoney is being conducted by Coopers' forensic account gasts and the Official

died, under an agreement

London, the liquidators have already won court orders freezing the worldwide assets of two companies and accommodation and care. four men: US-based Wallstreet LLC and Wallstreet Corporation (UR) - which. they claim, received "excessive payments" by acting as non-payment in the Belgian intermediaries in the ostrich sales; three OFC directors, Mr Jack Bennett, Mr Brian Ketchell and Mr Allan Walker; and a fourth man,

edly received "large sums through Wallstreet LLC. The court orders, however. deal with only £3.5m of the estimated £17m which cannot be accounted for by payments to Mr Nachtergaele's Belgian companies which supplied the ostriches and agreed to take care of them for investors.

Mr Kevin Jones, who alleg-

Coopers has identified ers suspicious, but is weigh- nalled their intention to suping potential benefit against the chance of success. As for the ostriches theinselves; Mr Stanway's team were able to break a legal

oped between Mr Nachter-

tants. In the High Court in Receiver, who had stopped payments to the Belgian farmer for the OFC ostriches' livery - food, tors' paying Mr Nachtergaele £300,000 in arrears, he agreed

to withdraw legal actions for

courts. The money will be recouped from owners, even those whose contracts with OFC included livery. Mr Stanway has given owners three choices: • To leave their ostriches with Mr Nachtergaele, pay-

1996, (including a £300 contingency charge); remove To ostriches, at an estimated cost of £600. • To sell or abandon their

ing a livery charge of £637

per bird until the end of

birds. So far, most are retaining other transactions it consid-, hope. Some 1,700 have sigport the Ostrich Owners Protection Group, whose intention is to form a mutual company to own the birds and keep them on Mr Nachtergaele's farm.

Clay Harris

CONTRACTS & TENDERS

ANNOUNCEMENT FOR PRE-QUALIFICATION FROM SREGLI IRON & STREE WORKS, INC., TURKEY Amountement is hereby made for the per-qualification of the A) TURBING-GENERATOR, MOTOR-BLOWER or B) MOTOR-BLOWER. co-key basis for the supply of air to Blazz Farances in circle electricity estatements in the integrand steel latin; T.A.S. located at Kink Brogli, TURKEY, CEM DESCRIPTION

(ii) Matter - Blower
When the Heart Personnes need entergency air while the ambine is not of service. Blower
when the Heart Personnes need entergency air while the ambine is not of service. Blower
such has to be deliven by blooser which was Gonerator in modes (1) and (11) within
sunciasans 90 seconds. At this time, the terbine is separated from the system by tennes of
stochastical charles in beautiful of Goneratorial Stocks.

B) Moster-Blower consists of Motor and Blower, Whon Bost Personnes used causingsaty
size, Blower has to be driven by bloose within maximum 90 seconds.

SPECIFICATIONS
A) TURESPIE-GENERATOR/MOTUR-BLOWER
Byte : Condensing, simple shelf:
Twelco Comput. : 25 MW
Link Stoum Confidence : 45 kg/cm/(g), 445°C ± 9°C
Generator/Motor
Type : Brystlees, Synchronous
Brystlees, Synchronous
Brystlees, Synchronous Brookless, Synchronous 25 MW, 13.5 kV, p.f. 0.8 UHs, Chan Finance

This project shall be carried out by ERDEMIN's own each basis another the Supplier, result aretigement.

Only the pro-qualified correspondes shall be invised to hid, Domanusta regarding to the propullification shall only be immed to these who apply in swining to ERDEMIN by the date stated below. Delayed applications for pro-qualification shall not be taken into consideration and than will not be taken into consideration and than will not be taken into considerations of anyther to be safety to be a state of the property for the establishment of subject facility. If the hidder is a tending company, to this gutte to submitted together with technical submanaphism subcard by the bidders must be expectance company in their respective facility. If the bidders is the submitted together with technical submanaphism subcard by the bidders must be expectance company in their respective facility.

It is bidders are also have unfederately qualifications in terms of their financial states.

It is bidders are also have project simil be covared at the following address not later due 17.00 hours Tarkish local time of October 5th, 1996 Theathy.

ENDEMIN MICHEMISLIK VE XVITEMIAL ARGEMED, MUDIUS YARDINGULICE GENERATOR/SOUTCE BLOWER SYSTEM

EARL conceptantonics shall be to English language.

MDO United Nations Industrial Development Organ

TANZANIA INTERNATIONAL **INVESTORS' FORUM**

5-8 November 1996, Dar es Salaam Sheraton Hotel

 Supportive environment to private sector Access to COMESA and SADC markets* Educated labour at economic rates

 Wealth of natural resources (agriculture. minerals, tourist attractions) Specific proposals for industrial cooperation in

the manufacturing, tourism and mining sectors Meet your potential Tanzanian partner to discuss business cooperation including joint-ventures, explore the establishment of wholly foreign-owned companies, technology partnerships or BOT (Build-Operate-Transfer) agreements for infrastructural projects.

*22 coambries

For further information please contact: UNIDO - Director, Investment Service PO Box 300 A-1400 Vienna, Austria Tel: (+431) 211 31 4866/3896 Face (+431) 21131 6806/6808 E-mail: Yokello@unido.org

Internet: http://www.unido.org/win5> Neet UNIDO Investors' Faranz in Africa; March 1997, Donale, Cameroom

require more money.

Disastrous myth of Customer X

After the Barings collapse, senior managers believed they had been victims of a conspiracy between Nick Leeson and an outside speculator. In fact, there was no such speculator, and no plot. In today's extract from their book, FT reporters John Gapper and Nicholas Denton reveal how Leeson used his brief success in attracting a big client to cover up his devastating losses

n the New Year of 1994, Leeson paid a visit to the Raffles Hotel in Singapore. meet for the first time one of the high rollers of global trading, Philippe Bonnefoy. Bonnefoy was an archetypal hedge fund trader. In his early thirties, smartly-dressed and quiet, he handled the investment of billions of dollars.

Bonnefoy worked with an Austrian financier called Wolfgang Flottl. They had been together at Kidder Peabody in New York. The two men left when Flottl set up a hedge fund called Ross Capital in 1987. Ross Capital's first use for the \$500m entrusted to it by wealthy private investors was to invest in US takeovers and bond arbitrage.

Bonnefoy, who ran an offshoot of Ross Capital called European Bank and Trust from Nassau in the Bahamas, had come to Singa-pore to find brokers to take orders on Simex. He was considering betting on a rise in the Nikkei 225 index, the main Japanese share index. Futures and options contracts based on the index were traded on Simes.

On the afternoon of February 3, Bonnefoy sat in his suite at the Raffles, and received half-hour visits from brokers. One was Leeson. Bonnefoy was not particularly struck by him. "If I need something, I'll be in touch," Bonnefoy said. On February 16, he out his first trade through Leeson. He bought a few call options. giving him the right to buy futures at a profit if the Japanese

Bonnefoy was testing several brokers. It was easy enough for Leeson to get him the best price, since he had Account 88888 to take losses. Shortly after that, Leeson went away on holiday. Before he went, Leeson rang a Barings options trader called Adrian Brindle in Osaka, to ask him to help if Bonnefoy wanted

options while he was away.

Option trading was an arcane science in which Legson was officially barred from dabbling. The price of options - which give their holder the right but not an obligation to buy an asset at a set price some time in the future can only be calculated using mathematical models. Leeson was allowed to buy and sell futures for Barings, but was only supposed to broke options for the enk's customers.

In fact, Lesson had sold options for Account 88888, and thus for Barings itself, since September 1992. He had done it to raise millions of pounds to cover the hole in the balance sheet dug by mis-takes and the subsidies he was giving to customers. The seller of an option receives cash, in return for taking the risk of losing money if the market moves in favour of the option holder.

For about 18 months, Leeson had been selling pairs of options called "straddles". These brought him a lot of premium - the cash handed over initially by the buyer of an option - because they involved more than one option. However, they were dou-bly risky because a holder of a straddle gained if the market moved up or down. If the Nikkei did not remain steady, Leeson would lose money.

Lesson told Brindle that he had a highly confidential customer called Philippe. Brindle did not catch the second name clearly. It sounded French. The call never came, but Brindle tucked the information away in his head. In mid-March, Bonnefoy started making large orders for Nikkei 225 index call options, based on a market level of 20,000.

Leeson's own selling of straddles was accelerating as the losses in the five eights account escalated. By the spring of 1994, he was ringing the Tokyo office, offering to sell straddles to whoever wanted them. He was desperate to sell, and did not care much about price. He always offered Barings' customers options one or two points cheaper than the price implied by market volatility.

Lesson was still offering very good prices for rolls - combinations of futures bought by traders who had to roll over their positions each quarter. The largest buyer through Barines in the run-up to the expiry of March 1994 futures hour became Ross Capital. It bought 500 rolls through the Tokyo sales desk, following up with larger orders. In the end, it bought 5,000 rolls for March 1994.

This was about half of the 10,000 rolls that Leeson sold for March. Leeson was still offering the rolls at about Y10,000 (£65) cheaper than the standard market price each, although customers including Ross had no means of knowing how he did it. In effect, Leeson handed Ross Capital and others a total of about £650,000 of Barings' money from the five eights account, without any of them realising.

As this happened, a shift was occurring in how derivatives operations at Barings were managed. Leeson had been sent to Singapore in July 1992 mainly to execute trades at Simex on behalf of Barings' customers. This meant he traded for the futures and options sales desk in Tokyo, run by a 89-year-old American called Mike Killian. Since Leeson ran the Baring Futures back office, he also reported to Simon Jones, the regional operations manager in Singapore.

But to encourage London to send him the cash to meet his losses, Leeson had been creating fictitious profits through his own form of trading, where he claimed to be exploiting minute price differences between the prices quoted for the same contract on the Osaka and Simex exchanges. The manufactured profits had drawn the attention had taken charge of Barings' account, and then match its short swaggered on to the trading derivatives trading.

Baker had been briefed by Fernando Gueler, the bank's chief derivatives trader in Tokyo, on the remarkable contribution being made to the trading profits by Leeson. Mary Walz, a 33-yearold manager whom he had recruited from the US bank Bankers Trust to take charge of equity derivatives, was asked to investigate. She was taken aback

Walz found that Leeson had in effect been making 60 per cent of the profits declared by Brindle in Osaka because he supplied futures and options at such good prices. Walz, who was having trouble asserting her authority in London, was irritated at not having been told this before. "I don't really know what game is being played here, and I don't really care," she wrote to Baker in a

memorandum on March 30. Baker was worried by the idea that he was not in charge of the man who appeared to be making a large part of the profits of his division. "My most profitable trader doesn't work for me," he complained to Peter Norris, chief executive of investment banking. With Norris's approval. Baker took a first step towards getting his hands on Leeson by giving him a trading limit in Japanese Government Bonds (JGBs).

Since this would give him even greater access to cash from London, Leeson had every motivation to make switching in JGBs appear to be profitable. He did not hold back. On the first day of his JGB switching, Leeson crossed \$1m of profits into the Japanese options trading book. One of Barings' derivatives traders in Tokyo was so excited that he danced a little jig on the Tokyo trading floor. It seemed there was no limit to Leeson's

talent for making money. The reality was appallingly at odds with the illusion. In May, the five eights account lost Y7.4bn (£47m), the largest amount in its 23-month existence. In a single month, Leeson lost the equivalent of the entire first quarter operating profits of Barings. He also started to lose his best customer. In May, Bonnefoy started to sell the options he had bought as funds were withdrawn from Ross Capital. Bonnefoy

on June 27. In mid-May, Baker flew to Singapore to find out more about how Leeson operated there. Baker was impressed by the obvious respect in which Leeson was held at the Simer exchange. That night, over dinner, Leeson explained his switching. It sounded as if he had cornered Simex in a remarkable way. Customers preferred to deal Simex because margin calls and charges were lower. But Osaka was a bigger and more liq-uid market, where you could often get a better price for a big

Baring Futures would fill the

"Information arbitrage is our business. If you don't know what an information curve is, then find out! Position yourself in an information

with an equal and opposite long in Osaka. The customer gained the lower costs of Simex, while Barings gained from the better price on Osaka. It would pass on ne of the price improvement to the customer, for which it was now being rewarded with a special commission. It could keep

the rest itself. This explanation was largely nonsense. Yet Baker was convinced. This was partly because Lesson was an exceptionally flu-ent liar. He had spent nearly two years fooling people, and his pat-ter had improved with practice. Another thing in his favour was that Baker had little experience of managing derivatives traded on exchanges. Leeson had found a good environment in which to

commit a fraud. Baring Futures was now the dominant broker on Simex, and son was king of the exchange.

floor, threatening to cut out any local traders who displeased him. If anybody incurred his wrath,

Outside the exchange, Leeson mostly lived quietly – though he had a coarser streak, which was to get him into trouble. One night he went for a drink with a sales representative called Aloysious Chize, employed by Reu-ters. They were getting drunk in a bar, when they saw some women looking through the door, and decided to shock them by turning round, bending over, and

Lesson was arrested, charged and fined 200 Singapore dollars.

the committee's attention. "It is slightly embarrassing, but one of our traders got drunk the other night, and pulled a moon," said Norris. There was a startled

"What did you say?" Peter Baring finally inquired.

Others in the room started laughing. Then Norris admitted that it was serious, because Leeson had been charged and fined. "Well maybe we should sack

Baring Asset Management. Norris said that sacking him would be awkward, because he contributed a lot to profits in Singapore. Bolsover was not satisfied. "Whoever he is, he is an amhassador for Barings, and if he did that in Singapore, how bright can he be?" he said: The discussion petered out with no decision being taken on the errant trader. Leeson had survived scrutiny at

the hands of Peter Baring. By the autumn, Leeson was again facing problems in five eights. The Japanese market was once again veering downwards after a rally in June, when it reached 21,500. Leeson had sold Y8.1bn (£52m) of straddles at the peak of the market, which were losing money rapidly as the

index fell below 20,000. His straddles now stretched for a year into the future. For him to keep the option premium, the Nikkei had to be incredibly ble. What was known as Nikkel volatility - the width of the band within which the Nikkei traded had to remain below 10 per cent for a whole year. Any analyst of modern Japan would have known that was absurd. Japan had the developed world's most volatile

The Nikkei options market was starting to buzz with rumours about what Baring Futures was

possible to tell whether a broker like Barings was dealing for a customer or itself, but in this case it seemed plain that it had to be a customer. Barings would never take such a risk. This view suited Lesson, who kept encouraging rumours about his mysteri-

Tokyo traders had by now dubbed Lesson's mystery buyer Customer X. Anybody with an option pricing model, or a bit of tomer X must fail. Apart from anything else, Customer X was attempting to corner volatility in the wrong direction. It was just not possible for volatility to fall to zero, with the index closing

Yet however compelling the logic, investment banks could not find many takers for this view as November wore on JP Morgan failed to entice any big customers with a research note arguing that they should buy options that constituted a bet on high volatility. As Leeson sold more and more straddles, Nikkei volatility fell

Other traders were now desper ate to discover who Customer X was. Gueler was taken out to to find out. "I could tell you, but I would have to kill you after-wards," Gueler joked. Giles Scott, one of Baring's derivatives salesmen in Hong Kong, was not put off easily. Scott, who affected a mid-Atlantic drawl although British-born, reasoned that Customer X might also want to buy derivatives based on the Hang Seng

Leeson laughed amiably. "Listen, you've got to tell me who this customer is," Scott said.

"I'm not supposed to say," Leeson replied. He talked obliquely of Philippe. He only met Mr X in hotels, and when he rang his office, the call would be passed through several exchanges

"You've got to get him to give me a call. It's a must," Scott "I'll try, but don't hold your

breath," Leeson said. Lecson's attempts to cover up the deepening hole in Account 88888 drove him on to manufacture ever greater profits through his switching, and in subsidies to other Barings traders. By November, equity derivatives trading had made an apparent profit of 240m. In fact, most of this "profit" had in effect been transferred by Leeson straight out of

Yet the financial products group - the derivatives trading division run by Baker - was becoming excited by its apparent success. There was an atmo-sphere of sheer exhibaration among the derivatives traders known as "rocket scientists" because of their mathematics backgrounds - at the seam of profits that Leeson appeared to

Apart from the pleasure of being part of a successful group within Barings, Leeson's talents meant they stood to gain far greater annual bonuses at the year end. Leeson himself would be rewarded handsomely. Baker was becoming his undisputed boss, since Killian's derivatives sales operation was to be put under Baker's control from the start of 1995. In December 1994, Baker told Lesson that he would be getting a bonus of £350,000, nearly three times the £135,000 he had received in 1994.

The year closed with a weel end meeting organised in New York by Baker for all the 120 staff working for his financial products group. Such "offsite" meetings had been introduced by Baker to bond his disparate group of traders, and urge them on to greater efforts. Leeson was being appointed regional manager of derivatives in Singapore, and was joining a 19-person man-agement committee.

The committee met for dinner

on the Friday night. Afterwards, Leeson stayed up drinking with colleagues till 4sm, while his wife Lisa slept back at the botal. He had hardly sobered up by the next morning, and the centrepiece of the New York offsite: a day of talks and discussion on Baker's trading group.

-The staff were seated in the Versailles Terrace of the Sheraton hotel on Seventh Avenue. The session started at Sam with a talk by Peter Norris on Barings investment banking operations. Norris had reason to be well-satisfied with the year. Thanks to as though Barines would virtually match its record profits of the previous year.

By the 10.30am break, Leeson could face no more, and went to the bar. He started drinking Bloody Marys with a fellow trader. He returned to the conference briefly in the afternoon, but was back in the bar by the time of Baker's round-up speech at 4 5pm. Baker had a message to deliver. They were not there just to enjoy themselves.

Baker wanted a cohesive group that worked together, exchanging information from all corners of the globe. If you listened to customers and traders in each market, and could bridge all the gaps among them, there were big profits to be made. He did not want anybody to sit on their laurels.

Being good is not enough! Everyone must be connected to our strategy, or we will find you, and weed you out!" Baker told the hushed group in front of him. As he spoke, he reached out with his hand, imitating the action of digging out a weed. "Information arbitrage is our business," he went on in Messianic tones. "If you don't know what an information curve is, then find out! Position yourself in an information curve! Dominate the curve!

Leeson carried on drinking. At the moment Baker was describ-ing a future for Barings based in part on the apparent triumphs in Singapore, Leeson was no longer able to sit and talk coherently about how he had achieved his success. He did not sober up enough to attend the final dinner, held on a balcony above the main concourse at Grand Central Station in midtown Manhattan.

I OKITERITATI

At the dinner, Baker was in his element, although he was unhappy that Leeson was not there. Leeson seemed to have exploited a gap in the market best of all the traders. But Baker had not grasped the truth. The information curve Leeson dominated was not in the financial markets, it was inside Barings. For two years, Lesson had existed between Tokyo and Singapore, between front and back office, between traders and salesman. Now he had brought them all to the point of collapse.

TOMORROW: Falling to realise the truth

All That Glitters is published in the UK by Hamish Hamilton, £20. It can be ordered from FT Bookshop: Freecall 0500 418 419 or + 44 181 824 5511 from outsid the UK (free p&p in UK)





curve! Dominate the curve!"

order filler, but within two years

he had bought himself enormous

power, using Barings' money. His profits might be largely fabri-

cated, but they looked extremely

Lesson had taken to guzzling

lots of chocolates on the trading

floor during the day, presents

from local traders anxious to

gain favour. He was now much

fatter, and the other traders used

to call him Fat Boy. He had

good to the outside world.

Lesson would buy a cream puff cake from the Delifrance cafe downstairs, and slap it into the miscreant's face.

baring their bottoms.

When Norris heard of it through Baker, he felt he had to tell the executive committee of Barings, chaired by Peter Baring. It was

John Bolsover, chief executive of

day after day at the same level.

below 10 per cent and kept falling. Leeson's accidental squeeze was starting to hurt.

index in Hong Kong.

Scott rang Lesson to sound him out. "Is that Big Balls Nick?" Scott inquired, "Some of my clients have been commenting on the size of your gonads."

Danny Argyropoulous

First Continental Trading, was Leeson's

immensely energetic, he wore his long

both ears. He was born in Cyprus and moved to London, where he worked on the

he and Lesson were almost the only British traders there. Their friendship

caused jealousy among other brokers as

Lesson came to dominate the exchange.

The two men's trading links were later

questioned by Singapore inspectors, but

he was cleared by the authorities.

London International Financial Futures

Exchange (Liffe). When he came to Simey.

Danny Argyropoulous, a 24-year-old trader for the Chicago broking firm

closest friend on Simex. Teetotal,

hair in a pony tail, with rings in

KEY FIGURES IN NICK LEESON'S WORLD



Peter Baring

Peter Baring, the 59-year-old chairman. joined Barings in 1959. A member of the founding family, he was aloof, quietly-spoken and deliberate; his stony features lit up only occasionally with a smile. He travelled to work by Underground from his home in Notting Hill. west London. He was almost tectotal, and very fit. His biggest extravagance was skiing on powder snow. His air of remoteness stemmed more from shyness than arrogance. Sometimes he even gave the impression of being a little embarrassed to be chairman. Many in the City regarded Andrew Tuckey, his deputy, as the force

Ron Baker

Ron Baker was Barings' 42-year-old head of derivatives trading. An Australian from Melbourne, he was intense and hard-working, but he also knew how to have a good time. He was fond of listening to the blues, Baker was constantly on an aircraft, regularly gathering his traders at ekend meetings in New York or Hong Kong, and urging them on to greater efforts. Baker had a first class economics degree, and a graduate diploma in accounting. He had worked in the eurobond market first for Bank of America, and then Benkers Trust. He left to set up a bond and derivatives trading operation at Barings.



Peter Norris

Peter Norris was the 39-year-old chief executive of investment banking at Barings. The son of an Army major, he had attended Charterhouse, the public school in Surrey and joined Barings from Magdalen College, Oxford in 1978. Intelligent and self-assured, he was impatient with some of the older .managers who reported to him. Norris was good-looking, with wolfish features. Athletic, he played rugby, tennis and Pives, a game played at British public schools. It was similar to squash, but instead of using racquets, players hit the ball with their gloved hands. Norris was so good that he went on to play for Oxford against Cambridge.





Cinema

Toys for the boys

STRIPTEASE Andrew Bergman

ESCAPE FROM LA John Carpenter

THE GREAT WHITE HYPE Reginald Hudlin

ANTONIA'S LINE Marleen Gorris

THE INCREDIBLY TRUE ADVENTURES OF TWO GIRLS IN LOVE Maria Maggenti

GUANTANAMERA Tomas Gutierrez Alea and Juan Carlos Tabio

he welcome nip of early autumn means the end of packaged family fare, cinematically speaking. Alas, it heralds the season of toys for the boys. Last week the cerebro-masturbatory pseudery of Godard; and now the more basic wares of Striptease. The advance hype has been formidable; and yes, Demi Moore is as unlikely as an ex-FBI secretary-turned-stripper as Liza Minelli was as Home Counties Sally Bowles. Both actresses are much too professional at their fictional show-

Not that Moore of the well-muscled thighs is exactly erotic in her routines. Athletic, gymnastic, interpretative (a few more clothes and she could scoop the cup for creative dancing at any village hall festival); but tinglingly sexy, no.

While this fills out her role as devoted mother struggling to win custody of her tot (played by Moore's real-life daughter Rumer Willis with wonderful naturalness) from fruitcake criminal ex-husband, it makes nonsense of the obsessive spell she casts on a congressman prone to satyriasis, and the murderous mayhem that ensues. The film is funnier than expected but not so funny as it seems to think itself. Armand Assanta is miscast as a good cop; Burt Reynolds as the prispic politico has enough comic accomplishment to make one regret the comedy's

More toys for the boys in Escape .
from LA: a range of James Bond-type gadgets for the apocalypee. It is 15 years since Kurt Russell's anti-social Snake Plissken did the state some service in Escape from New York. Here he is again with an impossible mission: to penetrate the penal island that a post-earthquake Los Angeles has become to get back the black box that means mastery of the world from the president's renegade daughter, killing her if necessary.

Production designer Lawrence B. Paull, of Blade Runner fame, creates a marvellously murky post-catastrophic LA. The freaks that flourish there include Peter Fonda's zonkedout surfer, a black transexual criminai (Pam Grier), a gibbering showbiz entrepreneur (Steve Buscemi) and the Latino rebel who threatens the USA (George Corraface). Viclence is unconvincing, some special effects look contrived (a tidal wave surging along Wilshire Boulevard, for instance), but the film's most intriguing element is its political stance. The appalling president rules a religiously orthodox US where sex



Demi Moore in 'Striptease': a few more clothes and she could scoop the village dancing cup

outside marriage, red meat and smoking have been outlawed. The closing sequence shows our hero puffing contentedly on the last cigarillo on the continent, a comment on political correctness I thoroughly endorse. But one's never sure if the cavaller attitude to the Third World and the assumption of nefarious motives in expendable lesser races are intended seriously.

The Great White Hype's jokey reference to a more famous play and film about a black boxer revenue the time amateur pusilist, dragged out of obscurity in grunge rock and launched as an Irish fighter (Tm not Irish," he keeps protesting) to provide a sitting target for the cossetted and under-envoloved champion. It all sounds terribly plausible. The sceenplay by Tony Hendra and Ron Shelton goes further than mere sporting satire: this is a game of power, bluff, gullibility and exploita-tion. Reginald Hudlin's direction is pacey and stylish. The casting of Samuel L. Jackson (Pulp Piction, A Time to Kill) as the unprincipled promoter, turbanned, coiffed and bejew-elled, and Jeff Goldblum as a crusading TV journalist who sells out suggests a savage satire was intended; but it seems to have fizzled out. A shame; but Hudlin is a name to watch.

The week's releases include some feminist ballast to balance all this boyish biffing. Antonia's Line won an Academy Award as best foreign-language film in 1995, making Marleen Gorris the first woman director to receive an Oscar. At its best the sentle saga of village life covering

the past half-century is suffused in about teenage high-school romance tenderness and warmth. The village contains more oddballs than Cold Comfort Form: a woman who bays at the moon, a curate who renounces religion-to live with an earth-mother and have a dosen children, two village idiots who happily marry and reproduce, and so on. Its main fault is that it falls victim to the Archers' syndrome. This is a magnificently matriarchal society, but in this world of bucolic feasting, healthy toil and cheerful mollocking, there ckiché. Here we have a white boy are no Pop Larkins. For the most dren or provide villains - in one case a whole family: incestuous child-rapist who joins the army, bullying father fatally kicked by a cow he mistreeted, murdering brother ...

illeke van Ammelroy makes a loving, dignified Antonia. Subsequent genera-tions include an artist daughter who finds lesbian fulfilment, an academically brilliant grand-daughter, and a great-granddaughter who inherits the family gift of quirky second sight. The academic has problems with relationships - but then she was raped as a child. Otherwise one wishes the sweetness could be diluted with a little bitchy astringency. Ilona Sek-acz' score sometimes appropriately mbles a rustic Mahlerian jog-trof with a hint of the dance of death not far behind.

The director Maria Maggenti has been signed up to write for Steven Spielberg, An imaginative stroke, given that The Incredibly True Adventure of Two Girls in Love is

- lesbian style. In fact it's an engaging piece about a bohemian tomboy and a rich babe from a conventional background (by a nice reversal of stereotypes, the mansion-dwelling kid is black). A serious look at emotional exploration in the face of peers' hostility turns into a romp when the girls flee to a motel whither resort both families, schoolfriends, and ex-lovers and their jealous spouses in a finale that needs a Feydean to choreograph it. Lovely performances from Laurel Holloman

The idea of breaking up a long funeral journey for economic rea sons by making each district passed through responsible for its own relay of the cortege, sounds oddly similar to much in Conservative Britain: the BBC, the postal services, the railways. Yet in Guantanamera this is postulated as a typical bureaucratic idiocy in socialist Cuba. A co-director of this gently farcical comedy, allegedly based on fact, is Tomas Gutierrez Alea, director of the 1968 Memories of Underdevelopment that put Cuban cinema on the international map. This is small beer in comparison, though like the earlier work it contains some mocking criticism of communist bureaucracy. The plot follows a group of mourners taking a corpse to its home town for burial constantly encountering a lorry driver who has loved the woman mourner since she taught him at college. The mood is Caribbean Ealing: episodic, rollicking, incongruous.

Leeds Piano Competition/David Murray

The keyboard gladiators

he 12th Leeds Inter-Competition, now sponsored by Bunkamura, has reached its semi-finals. By this stage only 12 competitors remain, out of the original 86. Each delivers a 75-minute recital; than, on Priday and Saturday, the six lucky finalists get to play concerti with Simon Rattle and the CBSO. transmitted live on Radio 8

and BBC2. Only one planist from any English-speaking country, a young Irishman, has reached the semi-finals. His teacher is a member of the jury but so always are the teachers of many competitors, including some who fall at the first hurdle; with an international jury of more than a dozen distinguished piano specialists, that is inevitable. Three other semifinalists are in the same position. Last time round, three years ago, the unex-pected winner had too teachers on the jury.

The corrent semi-finalists have been making sterling impressions. The voungest of them, 17-year-old Sa Chen, not only Chinese but wholly

exuberant panache, imaginanational Pianoforta tion and a terrific left hand ishvili (Georgian, 30, mature, in Liszt's Rapsodie espagnole, and both sensuous delicacy and strength in Ravel's robust technique. She tended Gaspard de la muit (if too little real pp, let alone pppp). Though her Chopin the B minor sonata, glinted with fresh ideas too, its reflective slow movement reminded us that we were hearing a hugely talented teenager. Carlo Guaitoli (Italian, 26)

was deft and fleet in Dutilleux's sonata and Schumann's G minor one. Rather too tight-strung, without stretch or spring, that suited Prokofiev's A minor sonata very well, but not Guaitoli's chosen Debussy preludes, marred by little ff explosions that broke the textures and the spell Theodora Satolia (Greek, 21) sounded pedes-trian in Bach and ponderous in Granados. She screwed her eyes up at every poi-gnant juncture - a tic she might usefully lose; but then she erupted in a powerful, grandly modelled Liszt B minor sonata, and a sumptuous La Valse in Ravel's own barely playable transcrip-

To that same Lizzt sonata China-educated, displayed and also to Beethoven's through?

infectiously jolly) brought full-blooded feeling, wit and to become hectic toward the ends of things. Armen Babakhanian (Armenian, 28) was more coolly calculating with everything he played, almost stagey. But his calculations were precise: his Beethoven "Appassionata" went off with a resounding impact, and his Tippett 2nd Sonata was gleefully eager

and sharp. Though Dmitri Teterin (Russian, 24) is reported to have played Chopin's two books of *Enudes* splendidly in the second round, he cannot have done himself justice in these semi-finals. Idiomatic feeling in a Shostakovich prelude-and-fugue, but labo-riously slowed for difficult bits; a dull Gluck transcription, hardly worth playing; Beethoven's 32 Variations, with limply irresolute endings for almost every one, and a patchy Liszt Venezia e Napoli with toneless planissimi. And yet he does seem to be a pianist of parts: perhaps the two Russian jurors will help to see him

Theatre/Alastair Macaulay

satire to kill for

opcorn. Ben Ekton's new play, is so now delicious a blend of thriller and satire, that one can only wonder why it is not having a London opening. At any rate, congratulations are due to the Nottingham Playhouse, where Popcorn is having its first-rate premiere production, and the West Yorkshire Playbouse, to which it will transfer next month.

Primarily, Popcorn is satire, virtuoso satire on the way our culture encourages individuals to deny responsibility for their own actions. The scene is L.A.; and the central figure is Bruce Delamitri, an American film director way beyond Tarantino in his talent for making killing seem witty, sexy, and glamorous. Newt Gingrich and the American right are blaming him for his influence on real-life killers. And then we see two real-life killfun, and who are, indeed, steeped in Delamitri's films.

In fact, when first we see them, we presume they are film characters he has cre-Scout for real, they kill and

burgle their way into Delamitri's house while he is out winning an Oscar. They come downstairs from having made love in his bed to find him making love downstairs with Brooke, a nude model whom he has picked up. Wayne and Scout could not be happier. Delamitri is their herol They've seen Brooke's double-page spread! And they're holding them both at gunpoint!

ayne's brainwave, however, is to claim innocence. He tims of the culture they live in and they want Delamitri, as a prime shaper of that culture, to take responsibility for their actions, and to admit that responsibility on TV. if not, they'll blow out either his brains or those of his nearest and dearest ... The next twists in the action are enthralling. Popcorn well enough to resemble a classic. It is, however, mar-Tarantino movie, even while it satirises Tarantino's is so needed.

Director Lawrence Hoswell ated. But no. Not only are helps *Popcorn* unfold as sur-Wayne and his girlfriend prisingly and as fluently as he has done with plays by to November 9.

Lope de Vega and Euripides Above all, there are two outstanding and well-matched performances by Vincenzo Nicoli as Delamitri and Patrick O'Kane as Wayne, Nicoli, easily carrying much of the play in its hardest role, is an outstanding actor. Projecting physical and mental force, he is both menac-ing and vulnerable, likeable and disturbing, and he catches Delamitri's mixture of victimbood and absurdity to perfection. Patrick O'Kane makes Wayne a rivetingly ludicrous figure, a shrewd nerd, so blithely relaxed amid the mayhem he creates as to be sexy. His violence is so spontaneous that it takes us by surprise, every time. Dena Davis is his perfect foil as the part-dumb, part-alert

Scout. Popcorn's satire is not its only virtuoso element. It is very well constructed: Elton has been learning about playwriting fast. No, this vellously welcome because it

Nottingham Playhouse until October 12; then Leeds, West Yorkshire Playhouse,





■ AMSTERDAM

EXHIBITION Stedelijk Museum Tel: 31-20-5732911 Betty Woodman, Vazen en tekeningen: exhibition of vases and drawings by the American ceramist Betty Woodman; from Sep 21 to Nov 10

BERLIN CONCERT

Philharmonie & Kammermusiksaai Tel: 49-30-2614383 Rundfunk-Sinfonieorchester Berlin: with conductor David Shallon and soprano Christine Schäfer perform works by Dukas, Reimann, Stravinsky and Debussy, 8pm; Sep 22
Südwestfunk-Sinfonieorchester, with conductor Jiri Belohlavek and violinist Christian Tetzlaff perform works by Schoenberg and Brahms; 8pm;

EXHIBITION

Alte Nationalgalerie Tel: 49-30-2035550

 Manet bis Van Gogh, Hugo von Tschudi und der Kampf um die Moderne: exhibition on the occasion of the 100th anniversary of the appointment of Hugo von Technical as director of the Alte Nationalgalerie. Main theme of the exhibition is his leading role in the introduction of "modern" French Impressionist art in Germany. The display includes works of French art that were acquired in those days by the Alte Nationalgalerie and other German museums and collectors; from Sep 20 to Jan 6

■ COLOGNE CONCERT

Kölner Philharmonie Tel: 49-221-2040820 Ensemble Modern: with conductors Peter Ectvos and Jobst Liebrecht and narrator Heinz Klaus Metzger perform works by Tsangaris, Varese and Beethoven; 8pm; Sep 22

EXHIBITION Museum Ludwig Tel: 49-221-2212379 Lewis Hine - Die Karnera als Zeuge: exhibition of photographs by the American sociologist Lewis. Wickes Hine (1874-1940). Among the works are his photographs of American immigrants on Ellis Island, child-labour, and the construction of the Empire State

COPENHAGEN EXHIBITION Charlottenborg Exhibition Hall

building; to Nov 24

Tel: 45-33 13 40 22

 125 years of Danish Sculpture
 The Royal Museum of Fine Arts visits Charlottenburg: on the occasion of the 125th anniversary of Den Danske Bank, a series of exhibitions is presented at 18 art museums and galleries all over Denmark under the title "Danish Sculpture in 125 Years". Each exhibition provides a survey of what has happened in the field of Danish sculpture since the era of the classicist sculptor Bertel Thorvaldsen. The exhibition at the Charlottenburg Exhibition Hall features nearly 200 sculptures, elected from the collection of the Royal Museum of Fine Arts; from Sep 21 to Oct 27

INDIANAPOLIS

EXHIBITION indianapolis Museum of Art Tet 1-317-923-1331 The American Discovery of Ancient Egypt: exhibition of more than 200 Egyptian artefacts discovered by American scholars between 1899 and 1970. Works range from the pre-dynastic period (about 4000BC) to the end of the Roman period (AD395) and include jewellery, ceramics, tree-standing sculpture and

■ LONDON

reliefs; to Sep 29

CONCERT Barbican Hall Tat. 44-171-6384141 The Kingdom: by Elgar. Performed by the Bournemouth Symphony Orchestra with conductor Richard Hickox.

A CONTRACTOR OF THE PROPERTY O

soprano Susan Chilcott, contralto Linda Finnie, tenor Adrian Thompson, baritone Peter Coleman-Wright and the **Bournemouth Symphony Chorus**;

44-171-9352141 Marc-André Harnelin: the pianist performs works by Mozart, Janácek and Prokoflev; 11.30am;

EXHIBITION Tate Gallery Tel: 44-171-8878000 ● Tacita Dean "Foley Artist":

4pm; Sep 22 Wigmore Hall Tel:

Tacita Dean often works within the framework of cinema. In "Foley Artist", she principally uses sound, rather than pictures or dislogue, to convey a story, and to evoke its mood and setting. Foley artists are the fittlecelebrated film professionals who invent sounds to accompany visual footage, using a wide range of props. Dean has worked with foley artists to create a multi-track narrative based on sound effects. individual elements are relayed to speakers placed around the Art Now room; to Nov 10

■ LOS ANGELES EXHIBITION

Los Angeles County Museum of Art Tel: 1-213-857-6000 Designing Modernity: The Arts of Reform and Persuasion, 1885-1945: this multi-media. exclusion seeks to explore western society's response and reaction to modernisation, the dominant force following the industrial revolution and proceeding through the aftermath

of the second world war. The display features nearly 285 objects including European and American paintings, sculpture, prints, furniture, metal work, ceramics, glass, books, toys and ephemera. Artists represented include William Morris, Frank Lloyd Wright, Peter Behrens, Hector Guirnard, Mies van der Rohe, Marcel Breuer, isamu Noguchi and Walter Dorwin Teague; to Sep 22

MADRID

EXHIBITION Palacio de Velázquez Tel: 34-1-573-52-45

· Cindy Sherman: exhibition of a selection of some 70 photoworks featuring examples of the "Untitled Film Stills" of 1977-80 which brought Sherman International recognition. Also on show are works from her most extreme photo-series "Disgust Pictures" (1986-1989), "Sex pictures" (1992) and "Horror Pictures" (1995), the most recent of which have not been exhibited previously; to Sep 22

NEW YORK EXHIBITION

The Metropolitan Museum of Art Tel: 1-212-879-5500 American Printmaking to complement the Homer painting retrospective by

1860-1900: Winslow Homer and His Contemporaries: an exhibition providing a context for the artist's printmaking efforts. Drawn from the museum's collection, Homer printmaking from his early and

works by printmakers active during Homer's career, to Sep 22 The Piercont Morgan Library Tel: 1-212-685-0008 17th Century Dutch Drawings In The Plerpont Morgan Library: this complementary exhibition to A Fine Line: Rembrandt as Etcher includes about 70 works by masters of the Golden Age of

late career is shown along with

VIENNA

Dutch Art; to Jan 5

EXHIBITION Kunsthistorisches Museum Tel: 43-1-52524 Meisterwerke aus der Prager

Burggalerie: exhibition featuring a selection of paintings from the collection of the Fortress of Prague, which holds mainly works from the Renaissance and Baroque periods. The display includes 29 works by artists such as Palma Vecchio, Tintoretto, Bassano, Veronese, Pordenone, Stevens, Hans von Aachen, Rubens, Fetti, Peter Brandl and Jan Kupecky; to Sep 22

ZURICH

DANCE Opernhaus Zürich Tel: 41-1-268 8668

 Goldberg-Variationen: a choreography by Heinz Spoerli to music by J.S. Bach, performed by the Zürcher Ballett; 2pm; Sep 22 Listing compiled and supplied by A18ase The International Arts Database, Amsterdam, The Netherlands, Copyright 1996, Atl rights reserved. Tel: 31 20 684 6441. E-mail: artbase@plnet

WORLD SERVICE BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE **BUSINESS TV** (Central European Time)

MONDAY TO FRIDAY NBC/Super Channel:

07,00 FT Business Momina

10.00 European Money Wheel

Nonstop live coverage until 15.00 of European business and the financial markets

17.30 Financial Times Business **Tonight**

CNBC.

08.30 Squawk Box

10.00 European Money Wheel

18.00 Financial Times Business Tonight

people are our most impor-

tant asset". The widespread

sackings of the recession are

portrayed as one-off blood-

Yet under the surface,

tionship between company

and workforce is best illus-

trated not by the occasional

moment of crisis when only

brutal action can ensure

survival, but hy the thou-

sands of humdrum decisions

For example, on pensions. Nothing could be duller, less

dramatic, than a British

company's pension policy.

Yet nothing better symbol-

ises the nature of the

long-term relationship

between a company and its

The very existence in the

UK and other Anglo-Saxon

countries of funded com-

pany pension schemes is

testimony to a particular

view of that relationship.

ute to their employees' pen-

guarantecing the ultimate

income, usually as a per-

The essence of such

salary schemes has been

Those risks are substan-

tial: that contribution levels

enough pot of money at the

end of a career; that the

value of these assets might

fluctuate during the years of

might erode the value of the

stream of payments. An

centage of final salary.

company.

employees.

made in calmer times.

ers who remain.

Peter Martin

The end of a golden era

A growing reluctance among companies to run pension schemes for their employees symbolises the gradual weakening in their long-term relationship

individual seeking to con- long-term cost to the com-A profound change is taking tract independently to cover such risks with insurance place in the relationship companies or other people who work for them. long-term savings institu-Corporate rhetoric obscures the change. Bosses tions must pay a substantial still parrot phrases such as

Yet companies have been willing to take on the role of paymaster of last resort for their pension schemes. receiving no fee for the task.

lettings, essential to pre-serve the jobs of the work-Acting as a pension fund's Deep Pocket has benefits for the company and its shareholders that go well beyond everything is in flux. The transformation of the relathe tax advantages involved. In particular, it has allowed UK pension funds to make a huge bet on equities.

Shares offer consistently higher long-term returns than assets such as bonds or cash, at the price of potentially greater volatility. An individual saving for the long term would have to hear that volatility in mind: what if retirement coincided with a period of low equity

values In a defined-benefit pension fund, this risk is borne by the sponsoring company. Because it promises to top up the fund if needed, the scheme's managers can ignore the risks attached to equities as a class. The higher returns derived from equities greatly reduce the pany of providing pensions: indeed British business as a whole has made little or no net contribution to pension funds in recent years.

Still, a company is not a co-operative or a charitable institution. The risks for shareholders inherent in this approach have been absorbed in the past by a number of characteristics of the British pension system.

Early leavers - whether voluntary or involuntary -traditionally received poor treatment compared to those who stayed to retirement. Argusbly, it is they who have borne the true burden of the pension guarantee. Pensioners retiring at times of sharply rising prices also risked a fall in the real value of their incomes, since companies often increased pensions by less than the rate of infla-

Both these injustices have been corrected by amendments to pension law and a falling rate of inflation. But this has removed the safety valve which made companies happy to guarantee defined-benefit pensions. The introduction of an obligatory "Minimum Funding Requirement" as an



vency of pension schemes has raised the stakes further: it is likely to raise the long-run cost of pensions by pushing many funds away from equities and towards bonds.

The corporate reaction has been instructive, Companies are increasingly unhappy to assume the risks they once freely chose to accept; some are washing their hands of the pensions husiness altogether

A growing number has replaced defined-benefit plans with "defined-contribution" schemes: employees receive a pension that reflects the return on the contributions made on their behalf, with no link to final salary. Others have gone further, merely offering to contribute to employees' personal pen-

These relatively arcane changes have revealed the inherent tension between the company as a vehicle for its shareholders, and the company as a social entity. Recession has in any cas weakened the social role of the company: if it cannot offer employment stability, it becomes progressively a more fragile community. Yet the pensions issue goes to the heart of the company's identity in a way that even job instability does

Is the company merely a bundle of assets with an income stream, a net present value and a market price? Or is it a social organism, part of a historical continuum stretching back to its founders and forwards to those future employees who will carry on its name and

A caricature of national business cultures would have continental European countries lined up with the second view; Anglo-Saxon ones with the first. In practice, for most of the modern era, all but the most ruthless English-speaking asset-

annual check on the sol- strippers have believed nearly as strongly in the continental cousins. It answers, after all, the deep human need to create immortality, to leave some thing behind to mark one's

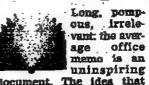
> The creation of funded pensions illustrates that belief. It is not inst the money. There are also the rituals that accompany it the pensioners' lunches, the cheery newsletters, the encouragement of a sense of shared community between those who started work today and those who retired

a generation ago.
This era is drawing to a close. Smaller companies. most sensitive to pension costs, are voting with their feet. A survey carried out for an actuaries group and published this week* found that among smaller compa-nies with defined-benefit nes, 15 per cent have closed them to new entrants. Two-thirds of new defined-contribution replace earlier definedbenefit arrangements. And the survey found, defined contribution schemes are noticeably less generous in terms of company contri butions, than the typical defined-benefit scheme.

Even if the final-salary sion is on its way out the millions of people currently covered by such arrangements will benefit from them well into the 21st century. But the shift away from this type of pension scheme indicates a change in the zeitgeist. Like the trend towards unbundling the corporation, the pension issue illustrates how British companies are becoming more like their Anglo-Saxon

*The changing face of UK occupational pensions in smaller companies. Associa tion of Consulting Actuaries, No I Wardrobe Place, LonROOK REVIEW Yary Kellaway MEMOS FROM THE CHAIRMAN: By Alan C. Greenberg Workman, \$14.95, 156pp

Despatches from the king of paper clips



document. The idea that omeone should have saved up their own memos over 18 years and turned them into a book to "benefit everyone in business from Fortune 500 chief executives to entrepreneurs" is a curious one.

Yet these are not just any old memos and Alan "Ace" Greenberg, the head of Bear Stearns since 1978, is not any old chairman. His picture on the dust-jacket shows a bald man playing with a yoyo -making clear that Ace is one hell of a guy. In the preface his great friend Warren Buffett assures us that "Ace Greenberg does simost everything better than I do bridge, magic tricks, dog training, arbitrage - all the important things in life".

Management guru Tom Peters is still more breathess: "I love this book. If I didn't have a dreaded MBA I might even, at age 53, apply for a job at Bear Steams," he says on the back cover.

Not all readers will feel like applying to the Wall Street securities house on the strength of this book, however. Alan Greenberg is certainly an ace at writing short, punchy memos, but he does not come over as everyone's idea of the ideal boss.

The typical memo gets off to a thundering, provocative start: "We are having a problem getting a point across!", or "Stop it now!". He proceeds to issue new rules about answering the telephone promptly and politely. turning lights off and looking clean and tidy. Often he winds up with a

threat: "From this date forward any person who violates this simple rule will receive a very quick simple fine. Enough is enough - we have tried being Mr Nice

Long, pomp- were not enough to keep his them if we save these paper ous, irrele- staff to the straight and clips, not only will we have (very) narrow, he has invented an imaginary consultant called Haimchinkel uninspiring Malintz Anaynikal to help him. Haim, a tightwad reactionary, believes the following: 1. Hire PSDs ("poor, smart and a deep desire to become rich"). 2 Make decisions on common sense and avoid the herd. 8. Control expenses. 4. Beware of catchy phrases. 5. Stay hum-

ble humble humble. The approach of Greenbergand Haimchinkel is delightfully unfashionable. Modern chairmen are supposed to empower the workforce to make its own decisions, concentrating their own efforts on setting strategy. But Greenberg does not believe

in strategy. It was just announced that some prominent people in M&A just left a firm because of a difference of opinion over strategic planning. he wrote in 1988. "At Bear Stearns we have no

strategic planning." Once again, Haimchinkel Malintz Anaynikal comes out as one smart dude. Remember his Axiom 1023? The amount of dissension rises geometrically with the more issues you have to philosophise over.

The more of his memos you read, the more sensible Greenberg's approach appears. Making money, especially in a trading business, really does consist in paying close attention to detail and tirelessly enforcing the company's rules. Expenses need to be controlled, though one wonders if Greenberg goes too far. Nearly a quarter of his memos are concerned with cutting costs, and no cost is

too small to be cut. In 1985 he issued this edict: "I have just informed the purchasing department that they should no longer purchase paper clips. All of us receive documents every As if his own personality day with paper clips on

them. If we save these paper enough for our own use but we will collect excess and sell them."

A week later he sent out another memo: "I would like to extend our cost-cutting efforts to a larger matter. Bear Stearns will no longer purchase rubber bands. If you have trouble understanding [this] either trust me or call Haimchinkel Malintz Anaynikal directly."

"Make me rich" he kept urging jokily in his early expenses memos. But by the later ones he invokes the company's profitability instead - there is no further mention of his own wallet. Indeed, by 1994 he was receiving adverse publicity in the US for his \$13m

(£8.4m) pay packet. Still, as Greenberg points out, his individual managerial principles seem to work. More than a decade before the Barings crisis, he was sending threatening memos about the error account and offering rewards to staff for shopping colleagues. Moreover, when everyone else on Wall Street was cutting jobs each time the market turned down, Bear Stearns went on

hiring. However much one admires Greenberg's dash, the ever-present Haimchinkel Malintz Anaynikal grates on the nerves. More tiresome still is the way he quotes from earlier memos and demands that staff refer to those written several years earlier. This strikes an unfortunately dictatorial note. A good memo may be an art form, but it is surely meant for the moment. One cannot help wondering whether Greenberg lives by the rules of his beloved Haimchinkel: "Stay humble humble humble.

Memos From The Chairman is available from FT Bookshop. FreeCall 0500 418 419 (UK) or +44 181 964 1251 (outside the UK). Free pap in UK

The F150

on Friday, January 24 1997.

For businesses throughout Europe, the publication each year of the FT500 has become an important annual event. Now in it's 15th year, and published as a 48 page special survey within the FT, the FT500 uses market capitalisation, the one internationally-comparable yardstick, to measure and analyse the performance of companies on Europe's stock exchanges. As such the FT500 has become an essential instrument for company executives to examine their own business performance against its peers and to understand how efficiently other companies are utilising their financial resources.

The survey will also be including key data on:

US Top 500 Japanese Top 500 Asia-Pacific Top 100 European/UK Top 200 by turnover Europes, the UK's, US's and Japan's most profitable companies and numerous other listings.

For a full editorial synopsis and details listing the advertising opportunities available in the survey please contact:

Bill Castle on Tel: +44 171 873 3760 or Ian Ely-Corbett on Tel: +44 171 873 4148 or fax: +44 171 873 3062 or write to them at Financial Times, One Southwark Bridge, London SE1 9HL

PER LES AROUTE SERVICE OF THE OWNER OWNER OF THE OWNER OWNER

What investors need to be told

From Mr Alex McClarty. Str, Referring to Barry Riley's "When Scandinavia gets too hot for comfort" (September 11), I am pleased to see that some realise the difficulties facing the private investor, namely gauging the liquidity (and therefore the riskiness) of unit trust

The fact is, that for 90 per cent of investors, such information is just not available. If one tries to get it or asks for more up to date information than an outdated managers' report, the reply is often: "That is

cannot be provided." I therefore take issue with your comment on September ? ("Misplaced trusts") that "investors would be expected to pay the price for such a loosided portfolio". The investor has no idea that the portfolio is so lopsided or is illiquid because the managers refuse to inform their unitholders

of the true state of affairs. The only risks an investor can reasonably be expected to gauge are the regional market and currency risks in a regional fund, or the industry risks in an industry-specific fund. It is high time that Imro, the industry regulator, sat down and developed more

liquidity ratio as discussed by Mr Riley would be a good

We all know that unless rules exist, next to nobody will volunteer information. As for the additional costs they are minimal and should be absorbed by the managers who charge exorbitant management fees. A comparison with their "expensive" German competitors would open a few eyes in the UK fund management industry!

Occamstr. 4, D-80802 Munich,

stringent and useful No such market for top executives

From Mr Peter M. Sir, One gets tired of hearing bodies such as the Institute of Directors justifying, or explaining, top executive salaries in the UK by reference to a supposed international market for the executives in question ("Top directors' packages rise by more than 12 per cent", September 17). There is no such market. Leading executive positions in the larger companies are filled overwhelmingly by nationals of the company's own country of origin and head office. Exceptions to this rule are almost invariably persons who have made a long-term career in the company in question. The once-in-a-blue-moon international recruitment of an outside top executive is a adline-making sensation. not a routine market It might nonetheless be

interesting to speculate to such a market, British

executives would be capable conduct a conversation (or for that matter, order a boiled egg) in a language

Christ Church, Oxford OX1 1DP, UK

other than English

of competing in it. Perhaps the IoD can tell us what percentage of UK executives with talenhone-number salaries are (a) technically qualified in relation to the industry which employs them, and (b) able to

Peter M. Oppenheimer,

Too simple an argument over France

From Mr Charles Wilson. Sir. Mr Robert Raincard (Letters, September 17), In his desire to remove confusion on the Emu debate, seems to be going too far in his desire for simplicity. He equates two facts: France has unacceptably high ployment; France is trying to respect the criteria for Emn. If France were to drop its fight for Maastricht. the argument seems to be, we would be as happy as you all are over the Channel. Mr Rainford seems to forget that most of France's

other economic indicators

show a brighter picture: low

inflation, external trade in

balance, relatively low interest rates. What is wrong with the French economy CORCETOS, Unfortunately, those elements where Maastricht is an excuse for a medicine which would probably be necessary anyway - a state sector too large, and suffering problems caused by over-ambitious decisions made some years ago (Crédit Lyonnais) . or from postponing uncomfortable decisions (over-capacity in weapons manufacture).

The private sector suffers from high labour costs, which are not the result of Maastricht's social chapter. France and Germany

decided many years ago on systems of social welfare which are politically untouchable, and they would like to see a level playing field where their nearest competitors are unable to take advantage of "social dumping" to obtain commercial advantage.

Dropping the fight for Emu may or may not be a good thing for France and for Europe, but surely there are better arguments against Emu than to say France has high unemployment therefore Emu is had.

Charles Wilson, 19, Allee Vauban, Eygines, S.W. France

Threat was ignored

From Mr Andrew Warren Sir, Is it a simple oversight or wilful tunnel vision that permits you - for the second year running – to publish a six-page supplement "Power In Asia" (September 16). without once making a single acknowledgement of the threat of climate change? It is not as if the governments upon whose electricity industry you report are non-contributors to the international forums. set up to try to deal with what is now acknowledged to be the world's most pressing environmental problem

As the profligate burning of fossil fuels in electric power stations is the largest contributor to this threat. you might do well to report the expected 8 per cent growth in consumption by 2010 with other than unmitigated glee. Next time you might consider the full implications.

Andrew Warren, EuroACE. Prins Boudewijnlaan 41. 2650 Edegem, Belgium

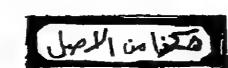
Deflated

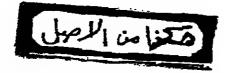
From Ms Antonia Giulia

Carzaniga.
Sir, I was surprised to read "Italian inflation tumbles" September 6) that over the month of July, for the first time since 1968, a negative growth in inflation had been recorded in Italy. I suppose your report wanted to say that, for the first time since 1968, deflation (i.e. negative inflation), or, alternatively, a negative growth in prices, had been recorded.

Fortunately for the Italian economy, inflation, the growth rate of prices, had declined on many occasions since 1968.

Antonia Giulia Carzaniga, lunior research fellow, Centre for European Policy Studies. 1 Place du Congrès, B-1000 Brussels, Belgium





Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Thursday September 19 1996

A slice of French fudge

promises and the ones it has made to the French electorate. Either that, or some very fancy budget footwork. Yesterday's 1997 budget was a deft example of the latter.

168,

ar trial

10 6 30 Mg

4.0

distract late

With no miracle in sight, the government has probably done as much as could have been expected in juggling the conflicting demands of its European partners, a stagnant economy and a disgruntled electorate. But the creative accounting it has taken to do it will not fool anyone.

On paper, next year's overall public deficit will be 8 per cent - In line with the Maastricht criteria - but the real progress in slimming the gap between central government revenue and spending looks set to be very modest. Spending will be frozen in real terms – for the first time, it must be said, in the history of the Fifth Republic. But taxes have also been trimmed in an effort to get the economy moving again. The end result, before the use of fancy financial footwork, is a central government deficit only

FFr4.3bn less than this year. A few months ago Mr Jean Arthuis, the French finance minister, was keen to persuade the markets and his European colleagues that France would abide by the spirit of Maastricht

The French government has in its efforts to knock the budlong needed a miracle to allow get deficit down to 3 per cent. it to meet both its Maastricht Come the fateful day, there might have to be a fudge or two around the edges - but France must be seen to be trying.

The even slower than expec ted pace of the economy this year has made more drastic action very difficult, to be sure. Even with relatively optimistic assumptions, next year's budget deficit is now expected to be 3% per cent of GDP. And it is now formally predicted that this fig-ure will be massaged downward with France Telecom's special payment and other one-off transfers. This does not look like a bold effort.

One area where the govern-ment might have been bolder is in shrinking the size of the civil service: it has been able to promise a total reduction in jobs of only 5,000, out of 2.2m in the public sector. That is feeble. Social security spending is more difficult to cut quickly, but even there a continuing deficit of FFr30bn is disappointing.

But the real problem is that Mr Arthuis has been forced to use his fudge so soon, which must restrict his room for manceuvre next year if his assumptions prove too optimistic. He has sought to demonstrate his absolute determination to meet the Maastricht targets. But the exercise remains less than wholly convincing because of

Tangled yarn

For more than a decade, industrial policy also sends dis-Europe's textiles and clothing sector has been caught in a spiral of decline to which there is still no end in sight. All the signs point to further heavy job losses, factory closures and restructuring. But instead of encouraging the industry to try to regain competitiveness, the European Union is planning action which seems destined to speed up the timetable only if make its problems worse.

EU governments are poised to dumping duties of up to 30 per cent on imports of unbleached cotton fabric from several, mostly Asian, countries. The a most flueer settleger benneld European Commission dumping investigation, launched after persistent lobbying lad by French and Italian cotton weavers, which claim the imports are sold at unfairly low prices.

Unbleached cotton fabric is a raw material used in the manufacture of many types of textiles and clothing. EU production of the fabric has dwindled steadily and today meets barely a quarter of total demand. Dumping duties on imports amount to taxes on an essential input for European users. The predictable consequence will be to handicap internationally competitive textiles and clothing manufacturers and encourage them to shift more production, and jobs, to

cheaper locations abroad. This perverse exercise in

turbing signals about EU trade policy. The Uruguay Round requires the EU to dismentle by early next century the quotes which have long ringed its taxtiles and clothing markets. But its progress towards that goal has so far been minimal. Under pressure from European producers, Brussels is insisting it will veloping countries agree first to liberalise their markets, such deal, arguing that the EU is demanding concessions from them as the price for fulfilling its obligations under international trade rules. Intentionally or not, brandish-

ing the dumping weapon looks like an attempt by the EU to apply coercion to trade partners after persuasion has failed. It raises doubts about the sincerity of the EU's commitment to removing quotas. It also arouses suspicions that any liberalise tion thus achieved will be negated by the erection of new

types of barrier.
The failure of years of protection to halt the contraction of the European textiles industry gives no reason to believe that more of the same will do any good. By continuing to shelter its producers, the EU is encour aging them to delay inevitable adjustments. As a result, eventual change will be still more painful than it need be.

Major's morals

When politicians talk about morality, it is time to head for the door. They are usually trying to sell something which is difficult to deliver.

Last night Mr John Major, the UK prime minister, stretched the language of ethics far beyond its limit by applying it to the ratio of public spending

to gross domestic product. Conservatives, Mr Major said. believed that reducing the role and size of government was not just a policy option, but a moral imperative. It was not moral, he said, to take too much tax from people for government to spend, and diminish individual choices.

The Tory faithful will chant a fervent "Amen". They will be delighted, no doubt, that their leader can show that Mr Tony Blair, the Labour leader, is not the only preacher in town.

The two contenders are trying to differentiate themselves by playing upon contradictory aspirations. Mr Blair would like Britain to be a more decent society, looking after the old and infirm, and educating children better. He knows the public wants this, but is unwilling to pay the price in higher taxes. Mr Major emphasises individual choice (through tax cuts). But he knows that any serious move in this direction would require unpopular cuts in spending programmes such as health and

welfare. in all advanced economies, voters tend to demand the goods and renege on the price. is a new danger for both parties.

Governments connive by going into debt. So righteousness, if it exists in this context, consists in being honest about how the books can be balanced.

In the UK, as the Tories well know, the government's share of the economy has stayed obstinately close to 40 per cent for the past two decades. Despite all the Conservatives' efforts, it is slightly above what it was when they came to power in 1979. This is partly because the rise in unemployment has offset the effects of other reductions in the public sector.

However, at 43 per cent, the size of the UK's public sector relative to its economy is close to the average for all developed countries, significantly lower than the average for all EU countries (50 per cent) and not as different from Japan (37 per cent) as many people imagine.

This suggests that, although there is room for debate about the balance between the tax burden and state services, that achieved in Britain in recent decades is fairly close to what the public wants (and will tolerate) in much of the the developed world.

Mr Major never tires of denouncing New Labour for the sin of offering benefits while suppressing the cost. If he wants to achieve superior righteousness he should now tell the public that lower taxes depend on cuts in services or benefits - and which ones. This

Smooth take-off for shake-up

British Airways is tackling its labour costs before it is forced to do so by competitive pressures, says Michael Skapinker

hen a company changes in less from being a enterprise to being one of the few UK groups regarded by international competitors as a role model, what does it do for an

This was the question facing Mr Robert Ayling when he took over as chief executive of British Airways at the beginning of the

At first sight, he did not have to do much. The company's pre-tax profits last year of £585m were the highest of any airline in the world. In this week's FT and Price Waterhouse survey of Europe's most respected companies, BA was placed second after ABB, the Swedish-Swiss engineering group. It was the only airline in the top 20, apart from Swissair which came 16th.

For Mr Ayling to have continued to run BA in the way it has been since it was privatised in 1987, however, would have been to ignore changes in the airline industry which threaten the profits of even the most successful carriers. Without radical change, according to Mr Ayling, BA's profits would have evaporated by the end of the decade.

Yesterday he announced that 5,000 of BA's 55,300 employees would be offered voluntary redundancy. They will be replaced, however, by a similar number of more highly akilled, more flexible employees, who will be recruited over the next

three years.

Managers in several areas of
BA's business, such as baggage handling and ticket process have been told they must ensure they can do the job as cheaply as outside suppliers. If not, their activities will be contracted out.

The announcement was less dramatic than many employees had feared. There had been reports that the airline was planning to cut employee numbers by 10,000 and that the company would spand 260m designing a

"We are thinking about a new logo but we're not planning to apend £80m on it," says Mr Ayling. "I can't think of anything more insensitive than asking for 5,000 redundancies and then

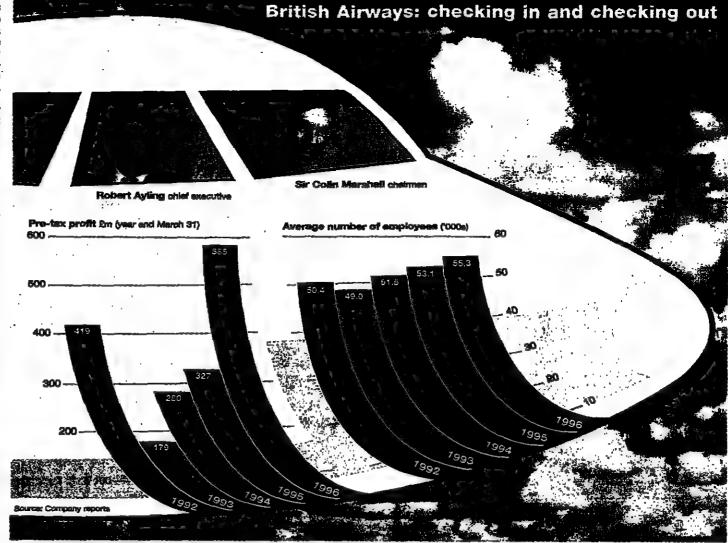
Mr Ayling says the plan announced yesterday was not a of the airline at the end of the decade. Managers have been set targets on matters such as costs, aircraft punctuality and better use of assets, and told to find ways of achieving them.

"At the moment, I'm not dictating to my management and telling them what decisions to take. We have said: "This is the need, these are the kinds of ideas we have. You know your business, you know there's a redundancy programme, you have your performance targets."

In a series of briefings to managers and unions Mr Ayling has portrayed the unforgiving world in which modern airlines operate.

"The competition is getting better and more efficient," he told staff yesterday. "Our customers expect more, but our cost of providing a seat has risen faster than the price customers pay in a highly competitive market.

Airline executives around the world have been repeating this message, often in more lurid



terms. Mr Robert Crandall, chairmen of American Airlines, said this week of the aviation industry: "It's one of the most miserable businesses in the world."

Add up carriers' financial results since the start of commercial flight, he said, and you will find that the world's sirlines have made a cumulative loss.

And Mr Jürgen Weber, chairman of Lufthansa of Germany, warned employees earlier this month that their airline would go bankrupt without a cut in employment costs.

What we really need is a negative pay increese," he told them. "How could it be otherwise, since we get less and less money for make losses again, we have to do something about our personnel costs - otherwise I can calculate right now when we'll go bust."

Central to the problem is the long-term fall in air fares. Airline yields - the amount received for each mile they carry a passenger - are falling by 1 per cent a year, according to Boeing of the US, the world's biggest aircraft manunacumer.

The reasons for the fall include the greater competition induced by liberalisation of air travel in the US in the 1980s, which is being followed by increased deregulation in Europe. Low-cost carriers. which offer little onboard food or entertainment, are entering the market, undercutting the fares of large airlines. Long-haul travel - from Europe to Asia, for example - is growing more quickly than shorthaul. This depresses fares as airlines can charge more per mile

for short flights than for longer

ones. And leisure travel is grow-

ing faster than business travel. Holidaymakers are not prepared to pay as much for their tickets as husiness travellers. The most obvious area for air-

lines to tackle if they want to win an advantage over competitors is labour costs, says Mr Rigas Doganis, professor of air trans-port at Cranfield University in

"Airlines fly broadly similar sircraft, they pay similar prices for fuel, the same prices for landing, overflight and computer reservation systems. The only variable they can influence is labour costs," he says. Staffing costs typically account for between 25 per cent and 35 per cent of operating

rof Doganis, who served as chairman of Olympic Airways for 14 months before being dismissed asrlier this year by the Greek government, says airlines can cut labour costs without substantially changing the way they do

"You can freeze wages, reduce staff numbers and change working conditions such as the number of hours pilots can fly and how many rest days they have," he says. "But once you've exhausted what you can do with your own staff, you can go further and start contracting out. seeing if anyone else can do it more cheaply." Contracting out airline activi-

ties is a well-established feature of the industry. It is common for carriers to pay outside caterers to feed their passengers. Many airlines rely on other carriers or specialised companies to handle their baggage, check in their pesservice their aircraft. And Singapore Airlines has some of its accounting work done in China.

BA has been an enthusiastic practitioner of one of the most radical forms of contracting out: getting other airlines to fly under its name. The company has nine franchisees, independent airlines with aircraft painted in BA colours and staff wearing BA uni-

Most of the airlines BA has franchised to fly in its colours are British: last month the company reached agreement with British Mediterranean Airways, a UK-based carrier, to fly in BA colours to Beirut, Amman and But there is also a Danish franchisee and one in South Africa.

These franchise arrangements produced 250m in revenues for BA last year. Mr Ayling said yesterday he wanted to see this figure doubled.

In other areas of contracting out, he is proceeding cautiously, allowing in-house staff to try to get their costs down to the level at which an outsider contractor could do the job. Mr Ayling says that a year ago BA reached agreement with the unions representing the ramp workers who refuel aircraft and load baggage that they would reduce their costs to the point where they were competitive with outside

Another department which has been placed under pressure is passenger revenue accounting, which is responsible for process ing tickets after passengers have boarded the aircraft. Mr Ayling says BA is unusual in doing this work in its home country.

American's ticket processing is

is done in India. "You might say BA has been a bit slow here,

says Mr Ayling. BA already employs a group of graduates in Delbi to correct computer errors which appear on its booking system. It has also set up an operation in Sombay to do some ticketing work and they could eventually take over the rest of it. Some of BA's computing programming will be put out contract rather than done

Mr Ayling says the airline would not seek to cut costs to market levels in all cases. BA cabin crew had to have a higher level of expertise in foreign lanattendants working for charter airlines. The company would have to accept that it had to pay more for certain highly skilled

All of this adds up to a much less threatening package than some staff had feared. This is probably because the airline is taking action well before it needs to. Unlike companies which cut costs when financial disaster strikes, BA has decided to begin the process when its aircraft are full and it is making record profits. This means it has time to consider how best to cut

"It's good management to take action when you are performing well," Mr Ayling says, "If we as managers can foresee that we can't carry on as we are, we should start doing something about it now and not in three years time."

BA had in the past been criticised for being short-term in its outlook, says Mr Ayling. It is not a mistake he plans to repeat.

OBSERVER

onto the tape."

Possibly the unest

Toul Symbolin is no fan of faddish angsiment practices and frendy management theories. He reckoms their conditionion to hustness success is just about their conditions.

chen.
He should know After 25
years as third executive of
Carleberg, the Danish brewery
group, Stanbolni fan bask in the
kind of suitcess many might.

Symbolic who is stepping down at the end of this year was this wast incredictive mood, pondaring the subject he knows best, brewing: At a Copenhagen business lunch on Thesday he mused that we at Consberg do not like to sound as if we are boasting. But In 1978. Catalogy annually haved about our baccollines of

beer, of which a third was exported. Today, the figure is 32m htt. brewed by 58 breweries in 40 countries, 50 per cent of it is drank custon Democri. In a marter of a Century Svanholm has thus steered Carlsberg from being a small if well known.

being a suant in west known, brewery to being, he says, the eighth largest in the world.

And at a time when business discipline is held in go hand in given with shareholder pressure. Svanholm is very happy not to have to worry.

about share prices. For Carisberg is owned by a

foundation, whose statutes rule that it must always own at least hostile or otherwise, are not on the agenda, and a good thing too says Svanbolm – his management can concentrate more on long-term objectives. It would be a bold analyst who

denied that Carlsberg has been badly served by its statutes. As for management theories Syanholm has seen dozens of them - "for the most part useless"—come and go.

Souceze the pore To wrench an old adage when Japan gets mose cleansers, the rest of the world starts

inspecting its pores.
Having tried Chinese seaweed to cut their calories, Japanese women are now nursing their noses with new peel-off "cosmetic pads", the country's latest beauty fad.

The damand for nose pore

cleansers is unexpectedly strong. says Kao, Japan's largest tolletry company Sales in the local nose pack market are expected to more than double this year 1995's Y50n. Even Eac is staggered - such growth is twice what was forecast.

Kao's new cleanser, the product of 20 years' research, comes in the form of a sticky

tape, which when applied to the nose uncloss the pores. Traditional applications - such as mud and gel packs apparently don't entirely unclog nasal pores. Kao says that what attracts bovers to its tape "is that you can actually see the product working - you see the grime from your pores stuck

Will this new craze prove .long-lived? The outlook isn't exactly promising. In Japan, at any one time about 30 per cent of cosmetics on sale are newly introduced products. It could easily, well; nose-dive.

Costly peanuts ■ Want to party with Arnold Schwarzwenegger? Perhaps

something a little more constructive, like helping former President Jimmy Carter and wife Rosalynn build a bome for a low-income family high up in the Appalachians

Well, check out your frequent-flier account with US carrier Northwest and turn up on September 27 at Sotheby's New York for their DreamPerks auction, said to be the first accepting air miles.

The event is in aid of Habitat for Humanity International. which rehailds houses in poor communities: Northwest will donate proceeds raised from anyone ready to pay 5 cents

apiece to buy extra air miles efore the auction.

There are 34 lots coming under the hammer of auctioneer David Redden, ranging from the chance to carry the hammer and nails for Carter (auction estimate 300,000 air miles) to a night on the tiles with Arnie (a rather puny 200,000 miles). Alternatively, you can play with the Harlem Globetrotters basketball stars, or even board a jet fighter for a dogfight over California – no flying experience required.

The only party poopers appear to be Sotheby's. They will get a fee from Northwest and an unspecified commission on the sale - none of it going to charity. Perhaps some gentle Schwarzwenegger persuasion might change their mind.

Tell me another

■ Good to find a machine with manners. In the US recently Observer tried using an internationally-recognised credit card to get some cash from an ATM. Shove in the card, tap the PIN number, and hey presto! Out comes ... nothing but the following message: "Hi! We baven't heard from you for a while. So just for your own protection we are not proceeding with this transaction, Please consult your bank."

Only in America.

Financial Times

100 years ago The Secret of Civiliantion

At the Liverpool meeting of the British Association last night, Dr. William Newton read a short paper on "Nitrates", in which the nature of the fertiliser and the methods of its extraction were described. The particulars given were more or less elementary and familiar, but there is one sentence which really must be quoted as throwing an entirely new light on the subject: "The knowledge of the utilisation of nitrate in the manufacture of explosives is the power behind civilisation which is for ever a guarantee that civilised States shall never again go down before a horde of barbarians, as did the Roman Empire under the Goths and Huns." It is rather startling to discover that our boasted civilisation is based upon nitrate of soda.

50 years ago

Franco-Argentinian Pact Good news in the international field has a scarcity value nowadays. For that reason 17th September, 1946, deserves long to be remembered as the date of two welcome events: the conclusion of financial and trade agreements with the Argentine and France. Both are characterised by the same spirit of give and take after prolonged hard bargaining.

Beef crisis may lead EU to breach export limits

By Caroline Southey In Illrusseis

The European Union risks breaching internationally agreed beef export limits because of falling European demand sparked six months ago by fears over BSE, or mad

The position could sharply increase pressure for radical reform of the Common Agricultural Policy aimed at curbing beef production. The warning is spelt out by the Irish presidency in a paper prepared for EU farm ministers who are to meet early next week at Killarney, Ireland.

The presidency warns that over-shooting the limits set under the General Agreement on Tariffs and Trade can only be avoided if farm policy is overhauled to curb beef production dramatically.

The EU is expected to produce 720,000 tonnes of surplus beef this year following an 11 export opportunities are con-per cent fall in consumption strained by the Gatt, the

SBC

provision

Continued from Page 1

"veritable quantum leap" in

provisions for its domestic problem loans. The bank used

to treat these losses as

extraordinary resulting in

But it now feels it should calculate an expected default risk for its portfolio. This will

swings in annual provisions.

result in an annual recurring

To absorb any difference

between actual annual provi-sions and the statistically expected loan losses, a general

loan loss reserve of SF12.4bn

The latest charges will

reduce the group's Tier one capital from 8.9 per cent at the

end of 1995 to around 7.7 per

But the group has discussed the changes with bank regula-

Olivetti

Continued from Page 1

of an extraordinary meeting

being called. If Mr De Bene-

detti was reappointed then

"those chances go up dramatically," Mr Shakerchi said.

after clashing with Mr Calo

over strategy. He left the board

but remained honorary chair-

man. The financial markets

welcomed Mr De Benedetti's

departure but the shares col-

lapsed after Mr Renzo Frances-

coni, director-general of the Olivetti holding company,

resigned a day later, complain-

ing that Olivetti's half-year fig-

ures were worse than the pub-

lished results. The company

Mr De Benedetti resigned

charge of SFr600m initially.

(bovine spongiform encephalo-

The EU's ability to contain over-production could be further undermined if Britain decides today to abandon a pledge for a wholesale cull of 125,000 cattle as part of its anti-BSE strategy. The current British cull of animals over 30 months of age combined with the contested selective cull was expected to reduce EU beef production by 3 per cent a

The European Commission esterday agreed to study in detail a recent report from Oxford scientists which predicted that mad cow disease

would die out by 2001. The Irish presidency predicts that the EU faces the prospect of being unable to sell its surplus beef stocks because the EU beef market is unlikely to be restored to pre-BSE levels in the foreseable future while

Laura Silber in Sarajevo

nian-Serb territory.

Mr Alija Izetbegovic was yesterday elected Bosnia's head of state and immediately

called for fresh polls in Bos-

The 71-year-old Mr Estbeg-ovic, president of Bosnia since

the first free elections in 1990,

narrowly won the race for the

chairmanship of Bosnia's tri-

partite presidency - one Mos-

lem, one Serb and one Croat.

He urged the Organisation for Security and Co-operation

in Europe to repeat the poll in

Republika Srpska, the Bos-

nian-Serb entity which, with

the Moslem-Crost Federation.

mediators engaged in hectic

behind-the-scenes manoeu-vring aimed at building on last

weekend's elections and set-

ting up multi-ethnic institu-

tions to govern the loosely

"Many voters were deprived

by artificial (and illegal)

means of voting in the federa-tion while the same artificial

(and filegal) means were used

to increase the number of Ser-

bian voters," said Mr Izetbeg-

But international officials,

who hailed Bosnia's first post-

war elections as "violence

free" and "mostly positive", are likely to play down com-plaints of ballot-rigging and

Total votes cast in Serb terri-

tory exceeded the registered number of voting-age Serbs

electoral engineering.

makes un Bosnia.

united country.

Izetbegovic wins

poll battle to chair

Bosnia presidency

tions before the setting up of the World Trade Organisation. It limits BU exports of beef to 1.7m tonnes in 1996-97.

"The EU looked set to cope with Gatt restrictions without significant adjustments to policy. However, this view has to be substantially revised in the light of developments following the BSE crisis," according to the Irish paper. Commission officials warned

that the extent of the reform would be driven by the fate of proposals to cut production mediately. BU farm ministers this week backed plans set out by Mr Franz Fischler, agriculture, to curb the beef supply by slaughtering EU calves and taking more surplus stocks off the market. But the majority rejected Mr Fis-chler's proposal that the measures had to be paid for by cutting aid to arable farmers.

Lack of EU vision, Page 2

But the OSCE said more than

half a million Moslem and

Croat refugees had registered to vote in their former home

In the nine months since the

signing of the Dayton peace

agreement to end the war, the

commitment to the return of

refugees has not been fulfilled

- in particular in the Serb and

The Bosnian government yesterday warned that its own

agreement to lay down arms

was conditional on the Serbs

agreeing to let Moslem refu-

gees return to their homes. Only a handful of non-Serbs now live in Republika Srpska.

Early poll results for the par-

liaments of Bosnia and the

Moslem-Croat Federation, and

the president and assembly of Republika Srpska (Moslem-

Crost) showed nationalist per-

ties with a strong lead over

govern by consensus and west-

ern mediators hope Bosnian Sero leaders – and their Croat

nationalist counterparts, will

Mr Izetbegovic won 729,304 votes, edging out Mr Moracilo Krajisnik, the Bosnian Serb

Since 1990, Mr Krajisnik has

been the right-hand man of Mr Radovan Karadzic, the former Bosnian Serb leader indicted for war crimes by the UN tri-

bunal. Mr Kresimir Zubek was elected as the Bosnian Croat member of the presidency with

candidate with 690,373.

342,007 votes.

FT WEATHER GUIDE

abandon separatist demands.

moderate opposition parties. Bosnia's presidency must

Croat-held parts of Bosnia.

resist curbs on mining

Twenty of the world's leading mining companies have told the Philippine government to resist pressure from domestic environmental groups to rewrite the country's mining nvestment code.

The companies say in a written submission that the government's commitment to develop the country's vast gold and copper reserves would be jeopardised if it acceded to the green lobby and "sensational-

ist" media pressure. The Philippines is estimated to have the seventh largest gold reserves and 10th largest applications for exploration permits while it reviews the

alter the mining code following public outrage this year after Marcopper, a local company 40 per cent owned by Placer Dome of Canada, leaked torde "trilings" into the Posts toxic "tailings" into the Boac river south of Manila.

Two foreign mining executives who were with Marcopper at the time have been charged with violating five separate environmental laws. If convicted they could face a iail term.

spread domestic debate on nether majority foreign ownership of mining companies should be permitted.

alisation a year ago] has been stalled," according to the sub-mission, a copy of which was obtained by the Financial

"The significant progress

occurred over the last 18 months is in danger of being derailed," according to the docunent, which will be submit ted to the government next week, the paper says.
It argues that the environ-

the industry were "comparable with best practices worldwide"

Manila warned to

copper reserves in the world.

Manila opened the country's moribund mining sector to 100 per cent foreign ownership 12 months ago. But it has frozen all but two of the 70 foreign environmental impact of liber-

Placer Dome, one of Canada's biggest mining companies, has since withdrawn from

The case prompted wide-

"The positive momentum renerated by the mining liber-

it was prepared by 20 leading Newmont Mining of the US and Western Mining Corpora tion of Australia. Both have applied for exploration licences in the Philippines.

and investment that has

mental provisions in the 1995 mining act which opened up and expresses concern that the government is planning to modify the rules to the point of being "inappropriate and impractical".

THE LEX COLUMN

Overhauling Olivetti

The board games at Olivetti continue. But investors, who must be wondering which set of rules the Italian electronics group is playing by, are no wiser than before, The position of Mr Francesco

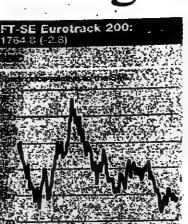
Caio, the chief executive, had become untenable, since he is under investigation about the group's allegedly misleading half-year results. But the fact that his replacement, Mr Roberto Colaninno, is another close associate of Mr Carlo De Benedetti – the ousted chairman responsible for Olivetti's disastrous decline - is not reassur-

Nor has pressure from Consob, the Italian market regulator, shed much more light on Olivettl's state of health. The group says it is unable to give an update on its debt levels and unwilling to discuss potential alliances or disposals. The little new information it has given worrying. Total inventories at the end of June look high at nearly 10 per cent of turnover. The suspicion is that a lot of that could be outdated computers, whose value might have to be written down. There was also a L300bn (\$197m) decrease in trade creditors, suggesting that suppliers are negotiating

harsher payment terms.
Olivetti has potentially valuable ses in telecoms, multimedia and office products. But to unlock that value, the group must produce a trustworthy set of results and deal with its loss-making personal computers division. To tackle those ssues and restore even a measure of credibility will take a genuinely

The question is not whether the planned shake-up in Swiss Bank Corporation's barely-profitable domestic banking business is needed; it is whether SBC is going far enough. The planned 1,700 job losses add up to a markedly less aggressive rate of staff cutting than is under way at CS Holding, Moreover with SBC and CS both hard at work on their cost bases, UBS can hardly avoid doing the same. So much of the benefit may be competed away. In which case, SBC's modest hope that the domestic business can be cranked up to deliver an internationally uni per cent return - only just above its cost of equity - may prove optimis-

Cost-cuiting is not the only rem-



approach to corporate lending is hardly inspiring either, from now on, we are told, high-risk borrowers will have to pay more than low-risk ones. That this basic principle is regarded as exciting underlines how

far banks like this have to go. Moreover, the new systematic approach to provisioning is no more than a presentational step forward. Investors should ignore the essentially cosmetic increase in return on equity which will result. Still, the bank is right that using long-term average figures is more intellectually robust than the present ad hoc approach. And although some will doubtless worry that the average figures will be pitched too low, this should not be a problem if investors are given enough information, as they should be, on actual annual losa performance.

French budget

Realistically, there was never any doubt that yesterday's French budget would show the country meeting the Maastricht Treaty's 3 per cent deficit criterion next year. The only question was whether this would be achieved by fair means or foul. Mr Jean Arthuis, finance minister, was at pains to suggest the figures were same artifice, but they are too ambitious to be credible. For a start, the government believes the budget deficit this year

will be 4 per cent of gross domestic product. Most forecasts suggest it will be closer to 4.3 per cent. This cut spending more aggressively then it is currently planning to hit the 1997 target. Similarly, the growth forecast of 2.8 per cent for tainly, France's deficit-cutting efforts fall far short of Germany's determined efforts to address underlying structural problems.

William I Mr Arthuis appears to be salamislicing, releasing the bad news in batches. Next week, for example, he will be forced to reveal a social security overspend of FFr30bn (\$5.83bn) to FFr35bn, which will presumably require him to take back the FFr25bn net tax reduction he claimed to offer yesterday. There is also a suspicion that he will have to tighten further the fiscal ratchet with a supplementary budget in the first quarter. So far the markets have allowed their economic doubts to be trumped by the political might of the Kohl-Chirac axis. But Mr Arthuis cannot stretch their patience indefinitely.

British Airways

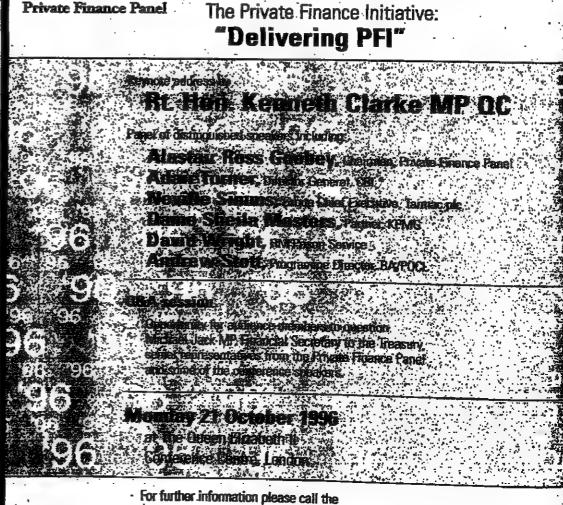
British Airways is deftly juggling two audiences with very different agendas. "BA for the new millennium", proudly unveiled yesterday, will have been greeted with relief by many employees. After all the scare stories, only 5.000 jobs are expected to go. But how, investors may reasonably ask, can this softly. softly message be reconciled with BA's promise of £1bn in annual profit improvement"? True, this is not all supposed to come from costcutting. But even so, 5,000 job losses
- only saving £160m or so - looks

Moreover, for all the cautious wording of yesterday's statement. the long-term cost advantages of outsourcing – the opportunity to play off competing suppliers as well as an easy solution to high levels of unionisation – are powerful. And the process has a long way to go: in the end, an airline like BA could even choose not to fly its own aircraft. Of course the quality and reliability of contractors would have to be good enough to safeguard the arrine's brand. But Marks & Spencer manages its reputation perfectly well without making its own food or clothes. Some will think this is just academic speculation, but in fact it is already happening on some routes where BA is franchising its brand using cheaper operators. Given the unions' power, the process will only encroach gradually. But ultimately, the "virtual airline" - little more than a marketing outfit - is surely a credible possibility.

Additional Lex comment on Next.

Private Finance Panel

Annual Conference 1996



Private Finance Panel Executive

on 0171 468 6500

Europe today The Senelux will have sunny

periods. There will be showers in Selgium and Luxemburg and an occasional shower in the southwest of the Netherlands, Northern Germany will be mainly dry with sunny periods but southern Germany will have showers. France will be mainly rainy aithough there will be sunny spells. Most of Spain will have sunny penods but northern Spain will have showers. Thunder shower are expected in central Italy. The west coast of the Balkans will have rain. Northern Greece will have showers but southern Greece will be fair. Turkey will have sunny periods.

Five-day forecast

A frontal system arriving from the Atlantic will cause rain over western Europe. The Balkans will have rain by the end of the end. High pressure will bring ample sunshine to Scandinavia, Russia will be sunny and dry.

TODAY'S YEMPERATURES

Abu Dhabi Accra Algress Arsterdem Athens Atlents B. Aires B. hem Bengkok Bercelons	Meximum Celalus sun 37 cloudy 29 shower 25 late 17 shower 26 sun 27 late 23 fair 18 shower 35 shower 23	Beijing Beifast Beigrade Bermuda Bogota Bombay Brussels Budapest Culagen Calvo Cape Town
---	--	--

Lufthansa

Certiff Casablar Chicago Cologne Dellas Delhi Dubel Dubel Duben Duben Duben

rankfurt. Your hub to the heart of Europe.

International

ELECOMMUNICATIONS

Technology to speed the traffic flow over the global network is essential to prevent an overloaded system - and further communications advances - from grinding to a halt, says Alan Cane

Building blocks of the revolution

computing and telecommunications called multimedia has been promised for the past quarter century, Now the promise seems ready to be fulfilled as a number of key technologies reach

Fibre optic cabling, for example, can already transmit phenomenal amounts of information. A single pair of fibres each the width of a human hair can transit more than 10 million millions bits (binary digits) of information a second, equivalent to half a million simultaneous two-way high definition television channels. The only limitation is the speed of the optoelectronic equipment needed to handle the transmission at each end of the

Personal computers run on chips with the power - and complexity - of a small mainframe, sparking arguments over the terminal device for the home and office: a computer capable of behaving like a television or

Wireless technologies will make possible telephone calls from any two points on the earth's surface via a galaxy of satellites to be launched shortly by groups

including iridium and ICO. The explosive growth of the Internet - about 50m subscribers now could rise to 500m by 2000 - and of multimedia services in general is the outward evidence of this convergence. But the speed

The global telecoms netsupport such traffic. It was engineered for an era when customers lifted the receiver of their handset, spoke briefly and replaced it.

may hog international lines for hours at a time. Telecommuters working from home or from telecottages demand rapid transmission of data along lines never intended transmission of high fidelity sound, moving pictures and colour images makes sudden, huge demands on network resources.

Internet users, exasperated nections and by sluggish response times, are keenly aware that the internet is overstretched. Telecoms experts are gloomier. The entire global network is close to collapse, they say.

The danger this represents for the global business community and for, for example, World Trade Organisation hopes of establishing a global economy underpinned survey carried out by the Gallup opinion research organisation for British Telecommunication and MCI, published today.*

It shows that nine out of 10 senior executives from the world's largest companies are convinced that telecoms will become more important to their organisations's expansion plans over the next five years.

survey said the critical factors for global expansion were, in order of importance, political stability, a skilled workforce and an efficient telecoms infrastructure, relegating cost of capital and

> to the bottom of the list. Reliable voice and data transmission were top of their lists telecoms but they complained that these needs were not being met. The based mining and photochemical company said there was a need for "upgrading of speed and the quality of transmission of data."

availability of raw materials

The manager of a food manufacturing operation in Singapore wanted improve-ments in "videoconferencing, speed of data transfer tional mobile telecoms while a senior executive of a French multinational corporation complained of "the quality of phone lines."

The way out of the dilemma of expanding demand for telecoms services through an overburdened network is expected to be the adoption of a technology, Asynchronous Transfer Mode, at present owned principally by a small group of suppliers - Newbridge Netvorks, Stratacom, Cisco and Nortel among them.

"ATM [for a full explanation of this technology see the article on page 21] is ideal for a wide range of applications, including data communications, voice, imaging, full motion-video and multimedia," says the

consultancy Price Waterhouse. "Many industry observers predict that ATM will be the main carrier technology for such broadband services. Its characteristics, particularly scaleability. make it ideal for the traffic demands such as multimedia expected on data networks in the future."

The fact remains that, as the International Telecommunications Union points out, nobody can predict which multimedia services will prove successful and which will flop. Business, however, is likely to make the biggest demands initially on the network. The ITU says: "There are several services that are

applicable to a range of businesses including videoconferencing and electronic messaging. In the past, they have been highly sensitive to transmission costs and capacity constraints, a problem which new technologies seek to eliminate."

The large operators are just beginning to install the first ATM systems. According to Dr Terry Matthews, chairman of Newbridge, "the window has opened". Operators will install ATM systems first to increase the capacity of their business networks and gradually move the technology into the public switching arena.

are already available in the

US from the regional operators, GTE and more recent competitors. Hong Kong BT and Telefonica, among others, are conducting ATM

In the UK, the Integrated Communications Network, a private network set up co-operatively by London's six cable operators, Bell Cable-Media, Cable London, Nynex CableComms, The cable Corporation, TeleWest and Videotron have announced what is claimed to be Britain's first wide area ATM network.

David Venn, ICN managing director, says he believes fallen to reasonable let

"These developments coincide with the business community's increasing require ment to run band width-hungry (high capacity) applications ... A'TM will be the basic switching platform for private networks as the new century approaches

and, ultimately, extend into

the public domain too." Conversion of the global telecoms network to ATM will be a mammoth task. But the experts are convinced that it will have to be under taken and swiftly too if the greatest communications revolution in history is not to grind to a halt.

IN THIS SURVEY

 Biffing: new software can detect phone fraud at an early stage • Networks: digital processing is bringing intelligence" to telecome Cali centres: outsourcing of goods and services to these operations is on the

Profile: Alcatel. Twolve avoutiunuit to artmoin change appear to be paying off for the Pariswhile-cyberspace connections remain maditional telephone companies have reason

SDH: Synchronous Digital Hierarchy has matured into a high standard for capacity Proffle: Siemens. The company's digital switching system is what drives its public telecoms division

be nervous

Mobile suppliers: the inclustry remains confident that there is still much more growth to come in building infrastructure and in the sale of handsets GSM/CDMA: the battle over which digital cellular phone technology will reveil is intensifying

Proffler Lucent Technologies. As well as having a strong obsition at the company has access to well-regarded research laboratories in the Bell

ATM: Asynchronous Transfer Mode is taking off at last as increased controtition means alacoms operators are

Editories production: Serah Murray





Why over 4,000 multinational companies choose us as their gateway to success.

As one of the biggest users of leading-edge telecommunications technologies, Singapore Telecom offers an excellent telecommunications infrastructure and an extensive range of services

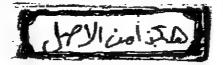
Our hubbing facilities enable MNCs to communicate privately on specially configured international digital leased lines. These range from 'no frills' lines to end-to-end managed lines, such as FNA TeleConnect and Worldsource Private Line

At our total facilities management centre, MNCs can house their computer systems and data communications equipment and even have them maintained by our highly-trained staff. And to cater to our customers' diverse requirements, our service portfolio includes Frame Relay, Virtual Private -Network services and ISDN,

Our leased circuit, IDD, telex and ISDN rates are among the lowest to be found anywhere. And as a reassuring guarantee, MNCs know they'll always get the vital backup and quality service

Through the advanced telecommunications we provide, we've not only helped Singapore become their gateway to the Asia Pacific, we've also helped make Singapore their gateway to success.

Please send one o	MATE WOULDNESS	ACHI (EE) _			_
Maerit:					_
Designation:					
Cozipany					
Addess				· · · · · ·	
logustry:	<u> </u>				_
Tales Ages No	·	_ ^	魔)	Singapor Telecom	e
Fax No.		_		Telecom	
				Service Brat Alway	



Intelligent networks: by Philip Manchester

Upening the door to services

Linking telecoms with digital networks can give suppliers a competitive edge

The convergence of ital computers has always been rich ground for innovation. Digital processing brings a kind of "intelli-gence" to telecommunications networks - opening the door to types of service that were previously impossible to provide.

Calling cards - with which telephone subscribers can bill calls to their own telephone bill - are one example of this. Large-scale virtual private networks (VPNs) where international corporations outsource their longhaul network traffic - are another.

Intelligent networks make these and other innovative services possible, and promise to take the conventional telephone system into a new era - both for consumers

In public networking, applications such as freephone services, call screening, custom billing and televoting work on the back of intelligent networks. In bust-ness, call distribution, cus-tomer call centres and mobile telephone networks use the same technology.

There are two driving forces behind the spread of intelligent networks: the demand for new applications and the changes in the structure of the telecommunications market.

Research by management and technology consultancy firm Booz, Allen & Hamilton forecasts an annual growth of 27 per cent in the demand for telecommunications so they need to find other applications which have intelligent networks at their , of the network. Intelligent

Booz, Allen & Hamilton this also puts the current global "With intelligent netmarket for intelligent net- works, it is possible to offer matter of weeks. But there demand is particularly high for applications that can and to domestic telephone improve customer service users. While the traffic vol-

At 9.00am, Adrian wrote a list of companies that he

pressure, including call distribution, mobile telecommunications and customer-response call centres.

The demand for new services has also put pressure on telecommunications suppliers. They must be able to deliver innovation quickly to keep ahead of their rivals.

A decade of deregulation and internationalisation of the telecommunications market has forced suppliers to look beyond conventional services for future revenues. The days when a telecor munications supplier could

survive simply by renting out "a big pipe" are gone. They must now offer value-added services - at competitive prices - to maintain their market share. The replacement of the traditional analogue network by digital communications has presented them with the pportunity to do this. Digital communications

makes it possible to "program" a telecommunications network to meet the demand for additional services. "Intelligent networks have

ome at a time of fundamental change in telecommuni-cations," says Huw Hamp-son-Jones, general manager of Siemens Nixdorf's telecommunications operation. There are all sorts of factors, such as the globalisation of domestic services and the domestication of global services. Telecom carriers cannot just offer domestic services any more. They have to find ways to keep their margins up.

According to Mr Hampson-Jones, suppliers are faced with, for example, having to supply VPNs to large corporations that can negotiate volume discounts. They cannot keep the margins up because of the competition. ways of getting revenue out

and maintain competitive umes will not be as high as



with larger corporations, suppliers can keep their margins up if they can exploit the technology before their rivals."

According to Mr Hampson-Jones, two approaches to intelligent networking present themselves: "There is an interesting dilemma when it comes to deciding exactly where to put the intelligence in a network. One approach is to put it into the switching technology. The other which we advocate because it is better from the IT point of view - is to put the intelligence in another computer attached to the switch."

Intelligent network services rely on a high content of information technology to support them. Processes to identify callers and bill them properly, for example, must have access to very large databases, and the software and hardware technology has to be well advanced.

Intelligent networks need a lot of data and they must be able to access it quickly and accurately if the service is to appeal to the user," says Mr Hampson-Jones. "A conventional FT computer is a far more secure place to do this compared with a telecommunications switch."

Although enthusiastic about the projected growth of intelligent networks, Mr Hampson Jones is cautious from the spent of development. "You can develop the

"On top of that you might problems, -

need to approach billing in a different way. As more te communications suppliers emphasise intelligent networks, they must get used to the flexibility it brings. The billing package must follow

Part of the answer lies in the integration of traditional computer applications with telephone systems - usually referred to as Computer Telephony Integration (CTI). "CTI at the moment is

about call centres. They can offer a service but do not have a direct correlation customer databases. A lot of businesses want to take the next step and bring more integration between their call handling and data

One example of this is the customer who phones an insurance company to arrange a motor-insurance policy and then wants to talk to someone about life insurance. The data from the first call cannot easily be transferred along with the caller - leading to repetition and inefficiency.

We have recognised that being able to transfer the data at the same time as the telephone call is a step that many business want to take," Mr Hampson-Jones

Although such systems may not be available for a says. Once a fraudster has few years yet, they will be commonplace by the year 2005. Indeed, the possibilities of intelligent telecoms netneed the IT skills and an doubt. It is merely a matter understanding of the mar- of how long it takes to crack some tough programming

The state of the s

Telephone fraud can be detected at an early stage by using new billing software

Even Scotland Yard can become a victim of crime. In March last year a computer hacker in the US ran rings around the famous London police headquarters. ploiting the world of digital telephone exchanges to break into private branch exchange (PBX) at Scotland Yard via a computer modem, the hacker made international calls for free,

using police lines.
To add insult to injury he apparently passed the access codes to other hackers. Scotland Tard refuses to disclose the extent of its losses from this enterprise. But UK telee industry analysts put the figure at about £1m.

The activities of comp hackers have received a lot of publicity. But telephone frand is occurring in paral-lel with considerable evidence of organised criminal activity. One of the most effective places to build defences against this new breed of criminals is in the billing systems, the computer programs written to administer - transactions across digital exchanges.

Mark Johnson, fraud stems business manager at UK consultancy Applied IT, says billing systems can be written to detect fraud at an early stage. "Real-time software, called hot billing, reduces levels of fraud."

But this type of billing software is expensive.

Applied IT is launching a program, the Fraud Manage ment System. Using the principle of rules written into the program PMS compares the patterns of different telephone accounts with the billing information typical of a franchisest account. Depending on the size of the mataliation PMS costs from

£100,000 to £200,000. "We're looking for things like long duration interna-

company PBX these can be sold on to envone who wants them. Mr Johnson claims that some UK companies have lost up to £250,000 through telecoms fraud in just one weekend. Another form of telecoms

fraud, subscription fraud, involves perpetrators signing up for a service with no intention to pay. Fraudsters present copies of utility bills that are accepted as confirmation of an address, obtain services and run up large bills with a non-existent

networks, transmissions are not highly encrypted, per-mitting "cloning" to take place. When a cell phone makes a cell, it sends out two bits of information to the network—the phone immber of the party making the call and the identity of the piece of equipment being used. The network does a check before the call is allowed to continue, assessing whether these two numbers are a valid pair.

Because this exchange is transmitted over the airwayes it can be intercepted. and downloaded into another cellular phone by frandsters equipped with a scanning device, a laptop computer and cabling to duplicate the identify of the original call. A legitimate customer receives the bill.

The clones are sold to members of the public keen to get unlimited overseas calls for free for a limited period. "Under normal circumstances it takes a month for these calls to reach the customer's bill and the person buying the clone can make three or four months

of international calls before he's cut off," says Mr John-For Mr Johnson the route to fraud is not critical. "If we're looking at stopping frand through patiern anal-yais the criminal's motive is much the same regardless of method. FMS will cut him off before the legithmate customer gets the bill. What

threshold on the fraud, which networks can live with as an operating cost." With potentially disastrous customer relationship implications for mobile phone service providers, fraud is an issue that must be confronted. Cellular phone fraud is estimated to be costing US telecoms carriers more than \$1.5m a day.

Failure to detect fraud by billing system analysis or other methods can lead to a severe bad debt problem. Much of what is described as bad debt is actually fraud. UK mobile phone operator Vodaphone, which has 2.55m subscribers, has spoken of losing £10m due to fraud over 1994/5. The

level of cloning fraud is now down to £5m. Vodaphone

Scrutiny of billings and logging calls is the name of the game. Any discrepancies or anomalies can instantly be recognised," a Vodaphone spokesman says. "By 1997 fraud losses there are expected to fall to 0.75 per cent of overall turnover, with the introduction of a personal identification number that already protects 500,000 users of older anal-

ogue phones." Another big worry for the mobile phone industry is a lack of customer loyalty. Switching accounts from one service provider to another, an activity, known we're doing is setting a as churn, is prolific. In the UK and Germany the annual churn rate is as high as 32

Cincinnati Bell Information Services, or CBIS, pro-cesses 225m phone bills a year for telecoms operators such as AT&T Wireless Communications. Among product offerings from CBIS in ChurnAlert, a package of software from US telecoms group Coral Systems.

ChurnAlert analyses the kind of billing information that should detect a customer about to defect to a rival. "There are several key factors," says CBIS product manager Jo Ellen Andrew. "It scans a calling pattern to see if the user would get a better rate from being on another payment plan. It spots contract anniversaries, flagging when a 12-month signing on period is coming to an end, she fays. If a user has a high number of failed calls, ChurhAlert draws attention to the fact that this is likely, to be a dissatisfied customer.

Few mobile phone customers would object to having their bill analysed if it allows the phone company to offer them a cheaper deal. For the operators it is a case of surviyal. Ms Andrew claims that up to 46 per cent of US mobile users are switching service providers every year. "You can be incressing your subscriber base at 40 per cent a year



WE'VE GOT TO STAMP OUT FRAUD - IF

■ Call centres: by Michael Dempsey

Marketing down the line

More and more companies: are contracting out their telephone sales and support services

Goods and services worth about \$600bn will be sold over the felephone every year in the US by 2000. eccording to the US Direct Marketing Association.

Most of this business will

be handled by call centres, many of which will be physically distinct from the cus tomer's operation and run on a contract basis by a third party. The Henley Centre, in the UK, estimates that more than 2m people will be employed in telemarketing worldwide by the end of the

century. Decisions Group is a £15m call-centre agency that provides support to Microsoft, the world's biggest software company. Japanese customers for Microsoft Network. an luternet access product, have their queries dealt with by a 100-strong Tokyo centre set up in May 1995 by Deck-

sions Group.

Each phone operator works on a PC and talks through user problems on screen. High-technology companies are generating a huge amount of business for call-centre operators. Consumer demand for computer if we could sell high-value products requires a lot of technical support, which phone," he says. "It had

Microsoft chose a variety of support partners for its network throughout the rates. The quality of the world. Decisions does not support Microsoft Network critical factor." in North and South America, but it tries to ensure a consistent type of support est manufacturers of cosacross the globe for an international product, offering customers, in theory, the same level of support wher-

ever they are. There are still local differences, however. "Our call extensive advertising and a distribution is more customer database. advanced in Japan because we were setting up on a green-field site," says David Ronaldson, senior account manager at Decisions Group. Dual Tone Multi Frequency, the international

phone keypad, is more prevalent in Japan than in the UK. and Mr Ronaldson thinks DTMF can take a. minute off the length of each telephone query, allowing each operator to handle

However, in Japan there is a formalised business eti-quette to the phone query, with the operator expected to acknowledge most of the customers' comments. This

tional support operation is, therefore, not entirely practical. But the economics of call centres are sufficiently impressive to create a global demand from companies that crave the image of an open and friendly support operation. A 150-station international call centre from Decisions Group costs between £2m and £3m to set up, and the company says savines from outsourcing the operation should see that money recouped by the cus-tomer inside 12 months.

Decisions will sign a contract for as little as 25,000. Mr Ronaldson believes small deals can be useful test bedis for large call centres. He used to work for the privatised UK utility Scottish Power, where telemarketing was under consideration.

"We ran a campaign to see electricity contracts over the would be prohibitively never been tried before, expensive without the Everybody thought you had labour-saving attributes of to put a large sales force out in the field. We found a variety of responses to telephone approaches to large corposales database was clearly a

Joyiplast is a family-run firm that is one of the largtume jewellery in Mexico. Over the century it moved from distribution via department stores to selling via franchises and then on to direct mail, backed up by

The advent of digital phone lines, run by private companies and not a state monopoly, allowed manager Jacobo Camhi Sevilla to move into telemarketing. Historically, outbound callstandard format that identiing by Mexican businesses
fies the tones generated by a had been limited to debt collection by banks. Joyiplast graphic areas in Mexico signed up for a call-handling City. The company claims a system from the US company EIS International. The EIS product, Call Pro-

cessing System, is an example of computers integrated into Joyiplast's customer with telephony. In this case EIS software is tied to Joylplast's own inventory computer system. This meens a company agent phoning out knows which goods are in stock and how long they will

may cancel out the time take to deliver.

saved by Difff technology.

Microsoft's vision of a database to throw up a certain number of calls. mathematical measurement inherent in the system, known as a pacing algorithm, makes sure the number of calls made out by agents is manageable. When the target is called and picks up the phone the agent begins talking through his

Agents work through a script generated by CPS and chosen to relate to this caller. So a customer who appears to have lost interest is reminded that he has not traded with the company for some time. Agents get all previous information on that prospect on screen. CPS prices range between \$4,000 and \$8,000 per agent.

Joyiplast has doubled the number of agents from eight to 16 inside 12 months and now makes 6,000 cold calls every day to selected demopurchase rate of 200-400 people from this activity. Mar-ket research conducted during these calls is fed back database. The emerging trend of pre-

dictive dialling is praised by Mr Camhi Sevilla as "the most cost-effective method of keeping in contact with and retaining existing Eustomers as well as expanding the cus-

keting manager with Cable and Wireless-owned Mercury Communications, says the call centre is here to stay. The only question is how to implement it. "There are just two options: do you build it yourself or get someone else to do it for you?"

Mercury has seen its busi-ness in this field grow expo-nentially. In 1992 it turned over 2500,000 running call centres; by this year that sum had grown to £30m. It has entered into an alliance with Racal to provide a voice-network and call-centre operation for the financial services group Norwich

With a price tag of £35m over five years, this project illustrates why the telecoms industry will see more and more new players fighting



6-7-8 November 1996 Montpelller, France Cyberspace:

Advantage Europe?

ED. Day-400: the legislative projects underway 400 days before the liberalisation of telephony in Europe

■ Digital initiatives for Europe: R&D policies, Trans-European networks, Europe and the Internet...

E Cyber-Europe: Growth, employment and productivity

Alcates - Brunel University - CNC - Columbia Institute for Tele-Access - Sharks university - CNU - Columbia Institute for rese-information - European Commission - Department of Trade and Industry (GIS) - Deutsche Telekom - Digleash - Euret - France Telecom - Goldman Sache - Infocom Research (Japan) - VISSI - MERIT - White House Office of Science and Technology Policy (US) - Ministère fran-gais de l'Industrie - Nokia Telecommunications - RWE Telliance - SFR -Stanford University - Tella - The Marshall Company - WIK --

Tel. +53/67 14 34 44 - Fax: +33/67 14 44 90

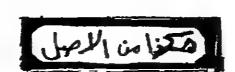
http://www.idate.fr - email: info@idate.fr



EMAIL: enquerles@vocalis.com WEB PAGE http://www.reculis.com

Adrian's got a headache

Finally, Adrian get through to a company that had





Great dishes of the world

(As served 24 hours a day by Cable & Wireless)

If telecommunications are vital to today's world, one name is vital to telecommunications.

Cable & Wireless.

With businesses in over 50 countries, and our own network of high-quality cable and radio links, we're the third-largest carrier of it's no less a financial one. international traffic in the world.

We're involved in mobile businesses in 30 countries; from the UK, France and Germany through to Singapore, Hong Kong and the Caribbean.

We helped launch Asia's first privatelyfinanced communications satellite, which has a "footprint" covering almost half the world's

population; we're laying fibre-optic cables linking the UK with Japan; and we're partnering VEBA of Germany to build new businesses in the EU.

If that sounds like a technical success story,

Since Cable & Wireless was launched on the stock market in 1981, our growth in earnings per share and dividends has outstripped the UK average by over 200%*.

Above all, it's a success based on the unique Cable & Wireless mix of advanced technology and unparalleled experience of building trust, effective partnerships and

long-term relationships with governments, businesses and customers alike.

And with telecommunications set to be one of the world's fastest-growing industries over the next decade, we face the future with some very appetising prospects indeed.



16 INTERNATIONAL TELECOMMUNICATIONS

Internet telephony: by Paul Taylor

Cyberspace threat not taken lightly

While calls on the arranged times. Internet remain difficult, they are getting closer to mainstream usage

Less than 12 months ago most traditional telecoms of Internet telephony - making voice telephone calls over the Internet because of the poor speech quality, lack of standards and inconvenience of making calls over the Internet.

Most industry analysts and many of those promoting Internet telephony, still concede that voice communication over the Internet is not going to put the telephone companies out of business overnight. But several recent developments including dramatic improvements in Internet telephony software packages, mean that the threat posed by Internet telephony is being taken more seriously by traditional voice carriers.

Even before these advances, the prospect of cheap, even free. long-distance calls - excluding the cost of Internet access - lured hundreds of thousands of personal computer users to explore Internet telephony. An estimated 500,000 people have tried out some of the more than a dozen Internet telephony software packages enabling Internet users to speak to each other via the global

computer network. These users have had to put up with the many limitations of first generation Internet software that make a voice call over the Internet far more tricky than picking up the phone, and the

results rarely as satisfactory. The biggest problem with using early Internet phone software has been that both parties had to be logged on to the Internet to connect the call. Generally those with ordinary dial-up con-nections to the Internet niche product appealing to could only make calls at pre-

A second drawback has been the lack of standards. Different programs use different signal compression schemes and connection protocols so both parties needed to be using the same software, or programs using the same compression and concarriers dismissed the threat nection methods, in order to communicate.

Another difficulty for users with dial-up access to the Internet, including most home computer users, has been that in order to link two computers via the Internet, it is necessary to know the Internet "address" of each computer. Unlike an e-mail address, which identifies a user, the address of a computer on the internet known as an IP address - is not always the same. In particular, many internet access services assign new IP addresses to users each time they dial into the service.

Most Internet calls are therefore connected using a third computer, or server, that acts like a telephone exchange. The server matches names, rather than computer addresses, of regis-

Finally, the quality of most internet voice conver-sations is often poor and signal delays are almost inevitable in conversations because of the way data is transmitted across it in "packets" which are assembled and examined along the route by dozens of other computers and re-assembled at their destination.

These and other limitations meant that early Internet telephony has only appealed to the technophiles and to those such as university students in the US and new immigrants or expetriate workers who are far away from home. Indeed many people, including Bill Schauster, chairman of PSI-Net, one of the world's largest Internet service providers. believes Internet

search, the US-base technology consultancy, argued in a recent report that "while anything free is sure to gain a lot of attention, today's Internet telephony is just a hobby product like CB

radio". Not everyone agrees. And a number of recent developments could help move secand generation internet telephony products into the

 Netscape Communications, the main supplier of Internet browser software, and Microsoft, the world's largest software group, have built telephony functions into their latest browsers. Netscape has bundled its "Cool Talk" conferencing facility into Navigator Web

 VocalTec and IDT, two of the leading Internet telephony software product suppliers, have unveiled second generation products boasting many new features and ments. For example VocalTec's Internet Phone for Windows 95 adds voice mail, caller identification and call waiting features to its software while IDT's Net2Phone product enables Internet users to call any telephone in the world from an ordinary PC for a fraction of the normal cost.

Net2Phone allows voice data to be carried over the Internet until it reaches IDT's US-based exchange where it is converted into a conventional telephone call ready to be received by any phone in the world. IDT charges 10 cents a minute for a call to anywhere in the US compared with the average \$2-a-minute charged by international carriers.

Meanwhile, VocalTec launched a service called the Internet Telephone Gateway Server last month which goes a step further by enabling every telephone user, regardless of whether they own a PC or a special VocalTec_Internet phone, to make and receive phone



form of telephony a more viable prospect

 Microsoft and Intel, the US chip-maker, have teamed up to develop internet tele-phony standards. In March more than 100 other companies including Cisco and Sprint agreed to standardise voice, video and data integration into the World Wide Web bringing the prospect of true inter-operability closer. Meanwhile, despite its lim-

itations, internet telephony's growth has prompted concerns among some US companies. In March, the America's · Carriers Telecommunications Association, which represents 180 long-distance telephone compenies serving mostly small businesses, urged the Federal Communications Commission to regulate Internet telephone software suppliers

The association argues that internet telephone software companies are compet-ing unfairly in the long-distance market

as if they were telephone

to the same FCC regulations that govern traditional

long-distance carriers. However, the deep divi-sions within the industry are also emerging. For example, the largest US telephone companies including AT&T, MCI and Sprint have dis-ACTA's action because they see the development of Internet telephony as a potential business opportunity.

However, as analysts at Nikko Europe noted in a recent report on the impact of the internet on telecome company earnings streams. Internet telephony highlights the threat to traditional voice telephony pricing models based on distance and "the question as to whether telcos should counter this threat by acquiring Internet access companies".

At the very least many analysts believe the advant of Internet telephony will accelerate the pace of call price reduction, for business because they are not subject as well as individual users.

A stronger mobile connection

After a year of intense activity chairman Serge Tchuruk's plan may be working

It is now almost a year since shares in Alcatel Alsthom plunged more than 12.5 per cent, following the announcement that the then ailing French giant of the telecoms equipment sector had suffered a first-half loss and needed restructuring to reverse its

The subsequent 12 months have been standard. The Parls based company has: • reported the largest full-year loss in France's corporate history; embarked on a root-and-branch reorganisation to cut costs involving the centralisation of purchasing, the restructuring of its telecoms activities along product lines rather than

old national structures, and

a severe pruning of the

number of companies in the started discussions with the UK's General Electric Company about merging their GEC Alsthom power engineering and transport equipment joint venture with Framatome: the French state-controlled nuclear plant manufacturer, made public its interest in acquiring Thomson,

France's defence and consumer electronics giant. But, while the pace of . change may have been unsettling both for investors and the company's nearly 200,000 staff, it looks like the action plan presided over by Serge Tchuruk, the group's chairman since mid-1995, may be starting to pay Though group sales have continued to fall in the firsthalf of 1896 to FF174.8bn

earlier, turnover in the talecoms sector was up to FFr80.5bn from FFr29.1bn. This reversed the downward trend of 1995 when telecoms sales dropped below the FFr70bn mark. In a further encouraging sign, the group said its telecoms orders in the latest period were particularly strong advancing by more than 20

per cent. While the profit implications of this upturn were not immediately apparent, the group confirmed earlier in the year it was looking to return to break-even in 1996. In 1995, the telecoms segment recorded a loss from operations before financing costs of FFr3.3bn. This included a FFr1.5bn non-recurring operating charge. The company said two-thirds of the decline stemmed from its network systems activities, with the market for network systems

equipment marked by a . evere drop in prices. Part of Mr Tchuruk's strategy has been to diversify the group away from its core business of big public telephone exchanges - it remains the world's leading supplier of switching systems with an international market share, by its own estimate. of nearly 28 per cent – and into more profitable mobile phone and telecoms

transmission equipment. But as far as mobile is concerned, the company faces a challenge to keep pace with the industry leaders. Mr Tchuruk acknowledged earlier this year in an interview with Business Week that Alcate would not be able to catch up with the likes of Bricsson and Motorola in the mobile sector. But he suggested the company could double its market share to 20 per cent "which is the average worldwide share of all our products".

The progress the company has made in the area has come to analysts' attention. "Alcatel has worked hard to redevelop the system and regain its reputation, effectively re-engineering its GSM systems and re-designing its handsets," said Morgan Stanley in a recent investment note. "We do not think Alcatel is too late to be a significant player in mobile communications."

To steer the group back to a good level of profitability by 1996. Alcatel's chairman has several other cards in his hand. The company retains a strong geographical presence in markets as different as France and China. Indeed, Mr Tchuruk has indicated that within a decade its China business would account for 10-12 per cent of global sales.

It is also expanding rapidly in other areas. In his address to this year's annual shareholders meeting in June, Mr Tchuruk singled out the acceleration of the company's presence in the US, saying sales of the group's telecoms subsidiary would pass \$1bn this year, "thanks to the succe achieved in transmission networks, against all its worldwide competitors".

Meanwhile, the company has weathered storms arising both from the corruption scandal that last year forced the departure of Pierre Suard, Mr Tchuruk's predecessor as chairman, and a separate legal wrangie concerning allegations of overbilling. This damaged relations with France Telecom, its principal client. Mr Tchuruk said in June he was "pleased with the atmosphere of confidence that has now been re-established with France Télécom".

David Owen

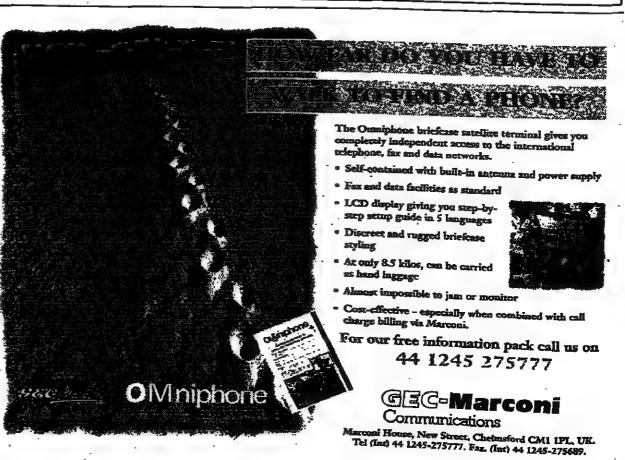
ONLY KEEPS YOU TOUCH THE CZECH REPUBLIC

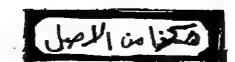




EUROTEL PRAHA SPOL. S.R.O. POBŘEŽNÍ 3, F.O. BOX 11, 186 80 PRAHA 8, CZECH REPUBLIC INFORMATION CENTER: +42 2 6781 6666







1.11

A 19

Die of V

ERROR STORY

Harty

The Wales

SDH: by George Black

System sets a high standard

SDH is becoming the industry norm as the networks catch on to its advantages

SDH (Synchronous Digital Hierarchy) has matured into a standard for high capacity transmission across most of the world.

Backed by the European Telecommunications Standards Institute (ETSI), the SDH infrastructure is being installed by network operators and large companies everywhere except in North America and Japan, where an offshoot of SDH known as Sonet is the standard.

Over the next five to 10 years SDH looks set to transform the telecoms industry by bringing very high reliability, resilience and flexibility to networks, as well as being able to handle much more traffic.

in the long term it should also reduce the costs and increase the profitability of the operators because networks will need less duplication and less maintenance. "SDH is primarily about improving reliability," says Chris Lewis, principal ana-lyst at Yankee Group

Europe. "If your road network is blocked up there is not much you can do about it, but if your telecommunications network is blocked up you can easily reconfigure it using SDH," says Dr Joseph Shapiro, corporate marketing vice-president for the SDH multiplexer manufac-

turer ECI Telecom. For network operators, installing SDH is a necessary preliminary for supporting traffic which uses ATM (Asynchronous Transmission Mode), another emerging standard for high-speed networks. Together they can support the use of multimedia applications, mixing voice, video and data ser-

SDH was designed to run at 155 megabits a second. This matches ATM in most cases, but SDH has already been boosted to 2.5 gigabits and is claimed to have the potential for 256 gigabits.



on: workers lay optical fibre, SOH can cope with volum

the Plesiosynchronous Digital Hierarchy (PDH) stan-dard in national networks. PDH is less able than SDH to support ATM and lacks its

reconfigurability. Most operators believe SDH is superior in delivering interoperability of systems and can cope with fast rising volumes of traffic better. Unlike SDH, PDH never attained the status of an

international standard. SDH enables operators to manage networks from a central point. In the event of a failure it re-routes traffic automatically. It can be repaired quickly with software tools as it is remotely controlled.

Operators are installing it as fast as possible because it is potentially a competitive weapon, enabling them to provide better service and greater bandwidth. New operators, especially of mobile networks, are combining SDH fibre optic and radio systems to move into business more quickly.

Many operators have

It is rapidly replacing extending it to local older equipment based on branches and users' points firm's head of network stratof access. Large companies are also starting to use SDH, rebuilding their networks to improve communications berwoon sites.

> Network operators worldwide have been investing heavily in SDH. By the year 2000 fully SDH networks are likely to be widespread.

Worldwide, Australia has

probably been the most enthusiastic in taking up SDH and has done this through the national operator, Telstra. In Europe, Germany has spent the most on installing SDH, mainly because Deutsche Telekom has rushed to buy the equipment while it is still a state monopoly. After privatisation it would probably not have been able to justify to its investors such a large expenditure in such a short time but would have had to phase it in over a 10 to 15-

year period. In the UK, Energis, the network operated by the National Grid electricity supply company, is the largest user, having implemented already installed SDH in SDH throughout its network their trunk routes and are as a greenfield site.

catch up with the industrialised nations in its communications. In the Middle East, Israel and Saudi Arabia are both firmly committed to As the demand side

Likewise, the Chinese gov-

ermment is investing heavily

in SDH as part of a bid to

expands, the supply side may contract. Research and development costs have already far exceeded forecasts, partly because the turers have had to shift their effort from hardware to software.

"Five years ago R&D on. PDH was 90 per cent hardware. Today R&D on SDH is 70 to 80 per cent software," says Ian Taylor, a business manager for Alcatel Telecom, a leading SDH mann-

With each enhancement to SDH, manufacturers need to add more to the hundreds of millions of pounds they have already invested. Some may well decide they cannot efford to go on alone, which may produce more mergers and partnerships.

Alistair Henderson, the

egy, says that SDH's reliabil-

ity has enabled it to provide

service level agreements

that guarantee the availabil-

ity of network services for

These are mainly users

which depend on very high

availability, such as the

BBC, Mirror Group newspa-

pers and Thomas Cook

travel agency.
British Telecommunica-

tions and Mercury have also

been moving towards adopt-

ing SDH; BT has already

implemented it to boost the

reliability of its services to

France Télécom still has

more old coaxial cable than

BT and is heavily reliant on

PDH, but the need to follow

the rest of the world in

adopting ATM may force it

to speed up its adoption of

Beyond Europe, SDH has

been successful because

many countries follow Euro-

pean telecoms standards.

East European governments,

particularly the Czech

Republic, seeking to modern-

ise their infrastructures, are

looking to SDH as the besis

its customers.

Ericeson has to a great extent gone over to selling other manufacturers' products. Nortel (Northern Telecom) has decided to collaborate with former competitor DSC (Digital Switch Corporation).

Siemens, GPT (GEC-Plessey Telecom, in which Siemens has a controlling share) and Italiel have chosen to form an alliance to develop new SDH products. Even Lucent Technologies (formerly belonging to AT&T) does not provide complete systems by itself but has enlisted partners such as the radio and satel-

lite specialist Nera. SDH and Sonet are not compatible within the same network, but SDH and Sonet networks should be fairly easy to connect, Bernie Jarvis, director of strategy for public networks at GPT, says that a limited amount of interworking between SDH and Sonet is already possible. This will increase steadily as operators and the International Telecommunications Union work on interoperability.

Armed with a powerful asset

One highly profitable asset — a digital switching system - is what drives the public talecoms division of largest industrial group, and one of the few German companies with world market leadership in a number of enting-edge technologies.This asset other activities in the same division.

In terms of public telecoms products, Sim and its subsidiaries is ong the world's top three producers along with Alcatel and Lucent. It claims to be market eader in sub-segments

such as narrow band iechnology - the psed in ordinary telephon where its EWSD digital system is its cash cow. EWSD is used by 288 telecoms operators in 86 countries, with 110m connections. Most of the about 32m, are inside Germany, followed by China and the US. Sier

market leader in eastern Until the 1970s, Stemen elecoms was merely the in-house supplier of the Boudespost, the formur German telephone nonopoly. But from a rate of 40 per cent in 1979/80. the division's foreign market share should reach 70 per cent this year, and this is forecast to go to 80

technology is also the

per cent in three years. in telecoms networks based on Synchronous Digital Rierarchy (SDH) an international digital transmission standard introduced three years ago Siemens claims to hold a market share of 32 per cent, ahead of Alcatel at 21 per cent.

As well as traditional arrow-band technology, the wide spectrum of

activities in the public telecoms division includes: Access networks, which are networks connecting the end-user and the telephone network; Broadband technology

for the transmission of large amounts data such as those used in multimedia: Transport networks, for transmission between switching stations; Intelligent networks,

allowing telephone operators to offer special services such as freephone; offering administrative services,

 Network engineering, which provides turnkey solutions for complete telecoms systems; Cables, and

 Mobile networks. In mobile networks Siemens once lagged schind the competition Siemens has made mistakes in this business area," says one analyst, who points to mobile telephone stations as an area that the company was slow to develop. "They failed to bring a base

station to market in time." Siemens claims that its technology in mobile telecoms has made much progress since, and that me third of all mers of the Global System for Mobile Communications (GSM) standard, the predominant digital standard in Europe, route their calls via Siemens' base stations.

The profileration of telecoms services, and the demand for more custom-made pervices in also driving sales of an increasing number of products and services. Sigmens' Telecoms Management Network and the Intelligent Networks units supply technologies allowing phone companies

to offer customised

services, such as

freephones, universal numbers (where national calls are charged at special rates), virtual private networks and internal corporate communication systems, which use public stworks but believe as though they were private.

Increasing use of the Internet is also leading to new technologies. Siemens is developing a telephony system allowing users to communicate via the Internet, a system already on the market, but with quality as yet not comparable to that of

standard voice telephony. Another division in this complex web of businesses is the cable manufacturing. Siemens is Germany's only representative in this area.

From its conservative days in the 1970s and 1980s, Siemens now has a solid portfolio of electrical and electro-mechanical divisions, and is at last promising improved earnings.

But despite its technological potential, the public telecoms business is not a star financial performer for Siemens, although its performance has been alseed of that of Alcatel, its main European competitor in many segments of the market. Triggered by weakness in domestic business, the public telecoms division's turnover was only DM10.4bn to end-September 1995, a fall of 19 per cent

from the previous year. Turnover has since recovered and profitability is rising. Analysts forecast that the division's profit contribution of DM208m last year may go up to DM250m this year, and then to DM300m in 1997.

Wolfgang Münchau

Spirit. Mind,

A GROWING BODY OF NEW TECHNOLOGY FROM THE G.R.A. THE GROW BUSINESS COMMUNITY AND STATE GOVERNMENT, ONE PROGRAM, CREATED BY DR. FRAN TEDESCO, HAS POSTERED SUCH MEN TECHNOLOGIES AS TELEMEDICINE, BRABLING DOCTORS TO DUAGNOSE PATIENTS.

OF MILES AWAY. THE NEW YORK TIMES CALLS IT "THE MOST SOPHISTICATED DEMONSTRATION IN THE COUNTRY."

FOR MORE INFORMATION, WRITE: GEORGIA USA, DEPT. FIN-BMS, P.O. BOX 1776, ATLANTA, GA 30301, USA; OR VISIT US AT http://www.gra.org

A MIND THAT CAN SEE INTO THE FUTURE, DR. RAO TUNDIALA HAS THE VISION TO SEE WHERE WILL HELP STEMULATE FUTURE BREAKTHROOGHS ON THE FAST-PACED WORLD OF CONSUMER ELECTRONICS. THE ENTREPRENEURIAL SPIRIT OF TED TURNER, CHAIRMAN AND PRESIDENT OF TURNER roadcasting system. What began in 1970 with a single atlanta TV station is now a global DANHUNDCATIONS COMPANY - AND THE WORLD'S LEADING SUPPLIER OF ENTERTAINMENT AND NEWS PROGRAMMENG cind of energy and theorong the georgia research alliance will be supporting into the 21st contury

Georgia Department of Industry, Trade ! Tourism

18 INTERNATIONAL TELECOMMUNICATIONS: THE MOBILE SECTOR

GSM/CDMA: by Tom Foremski

nes are drawn in phone wars

Telecoms companies must choose which digital system to use

When it comes to discussion of which digital cellular phone technology is best. the debate quickly develops the flavour of a religious war. Zealots on opposing sides deride each other and try to justify their own huge investments in their choice

Over the next few years, wireless telecoms companies around the world will choose between two of the main digital wireless cellular phone technologies.

The contest is between the US-developed Code Division Multiple Access (CDMA) technology and the European-developed Global System for Mobile Communications (GSM). Both technologies aim to replace the analogbased cellular phone systems with a digital service that can deliver data as well as voice and offer more capacity for phone calls and

CDMA was developed by California-based Qualcomm and offers several advantages over GSM. CDMA. however, has yet to prove its claims of superior performance and capabilities, while GSM is on established technology with a large base of equipment providers. CDMA equipment is still difficult to find and the tech-

European celiular technology



national personal communi-

faced with the difficult deci-

first with a GSM service or

established technology.

successful transition from the lab to the real world.

For many companies lions of dollars in setting up digital phone networks, the issue is one of betting a large amount of money on a potentially superior technolnology has yet to make a ogy or taking their place in

> betting that CDMA will work as advertised and help them eventually to carry larger numbers of users. Qualcomm originally claimed that CDMA would offer as much as 40 times the capacity of analog cellu-lar systems, while GSM has about three to four times

> > But over the past few years, the CDMA claims have been revised and data collected from field trials indicate that CDMA could

more capacity than analog

the market quickly with an offer about six to seven times the capacity of analog Many US companies are cellular. This would narrow facing this problem in their the gap between CDMA and

bld to set up regional and CDMA offers the US PCS cations service (PCS) netindustry the best investment for the long term because of works. After paying the US government more than its higher capacity, better \$10bn for PCS network sound quality and lower licences. US companies are consumption, but it could take two years to sion of reaching the market deploy commercial CDMAbased PCS systems. That is a long time to keep millions of dollars tied up for PCS licences without baving any revenue coming in.

The GSM-based PCS system is called PCS-1900 in the US. This system allows companies to move into the merket more quickly, possibly within a year, and thus start generating revenues and building market share

GSM also has the advantage of communications equipment that is cheaper than CDMA's because of

Indonesia

Malaysia

In contrast, CDMA equipment is still in its first generation. It will take some time for it to develop the same economies of scale.

The development of CDMA chips for cellular phones has also lagged, while there is much more support for GSM in terms of chips, software

and operating experience.
US market research firm Glea Information estimated the chip content of a CDMA ne cost \$90 at the end of 1995. This compared with about \$60 for GSM phones. CDMA chip prices are certain to drop over the next few years, but so will the price of GSM chips. Giga believes that CDMA chips will still cost more than GSM chips.
Some of the largest US

mpanies have chosen CDMA for their PCS networks. They represent about half the potential market when measured by possible end-users. The rest have chosen GSM or a variation

The first GSM network in the US was activated in the Washington DC area in November 1995. Several other GSM networks are

The California-based Pac-Bell Mobile had a GSM untwork in San Diego in time for the recent Republican perty convention. This gave the company a good publicity opportunity when it offered Republican delegates

Other US companies are betting their money on CDMA. GTE of the US has begun a customer trial in Austin, Texas, and plans to roll out a commercial CDMA metwork in San Jose, Calif-ornia, and other markets in

"CDMA is the digital standard that will ultimately best support our customers with future wireless applications," says Ron Grawert, executive vice-president of operations for GTB's wirean bronin

He listed CDMA's advantages over other digital standards as improved, static-free voice transmission, greater conversation privacy, longer battery life, and a decreased possibility for francialent use of the cel-

use their cellular phones at In other countries tele-

CDMA was given a boost when the Japanese govern-ment recommended that

firms in Japan should use But GSM supporters say that the recommendation is a political one rather than

one based on the technology's merits. They say that the Japanese government is seeking to encourage use of US technology to overcome accusations that its markets are closed to foreign compa-

Other countries in support of CDMA are Singapore, Hong Kong, South Korea and Brazil.

GSM has been the technology of choice in many devel-oping countries where GSM networks can be quickly stablished and are supplanting older telephone networks. GSM has been chosen over CDMA in Poland, China, Slovakia and

The buttle between GSM and CDMA will ultimately be decided in the marketlace. Unfortunately, the celfular phone user will be the loser because the two echnologies are not incomadible.

Digital wireless phone users will find their phones unusable when travelling through certain areas. And ecause GSM in the US uses different radio frequencies from those in Europe, farther incomnatibilities will

Crackling with confidence

The number of cellular subscribers in the world is still growing at 50 per cent a year

Mobile suppliers: by Hugh Carnegy

The industry is convinced there is much more growth to come worldwide

Like the crackles and dropped signals that often disrupt a mobile telephone call, the big equipment sup-pliers to the world's fastgrowing mobile networks have suffered alarming dis-

ruptions over the past year.

A hiccup in demand in the US - the world's biggest singie mobile market - fears of a slowdown in worldwide growth, and falling prices, prompted by growing compe-led in anticipation, but the tition, have all conspired to new networks were not yet hit profit margins and share prices - sometimes spectacularly.

But despite these upsets the industry remains confident that there is still much more growth to come in both building mobile network infrastructure and in the sule of handsom. Latest outsmates show that the number of mobile subscribers in the world, which has this year passed 100m, is still growing at an annual rate of some 50

Penetration rates have He added that CDMA also Scandinavia. But even in countries like the US and the UK, where mobile growth has been relatively fast, penetration rates remain below come companies are facing 20 per cent. They are much the same issues as their US lower than that in other potentially big markets such as Japan, France and Germany. Estimates that there will be more than 350m sub-scribers worldwide in the year 2000 are regarded as quite conservative within

the industry. The supply of mobile equipment, from the switches and radio base stations that underpin the networks to the individual telephone handsets, is still dominated by three companies: Ericsson of Sweden, Motorola of the US and Fin-land's Nokla. Between them, they hold as much as two thirds of the world's mar-

per cent of the world's mobile subscribers are hooked up to its systems, is the leader in infrastructure supply. Motorola leads the sale of handsets, followed by Nokia. But all three supply both infrastructure and handset equipment.

The dominance of these three is not universal, however. In north America, Lucent, the former AT&T equipment supply division. and Canada's Northern Telecom are big infrastructure suppliers. In Europe, Germany's Siemens and Alcatel of France are also fighting for market share. In handsets the three leaders face competition from a growing number of companies, including those four. Others include Philips from the Netherlands and Japan's

the previous three years. In NEC and Panasonic. the first half of the this year. The press of competition Nokia's profits crashed from FM3bn to FM1.13bn. and uneven developments in different markets have jolted Ericsson, Motorola and

Ericsson, with its propor tionately much greater reli-Nokia over the past year. A ance on the more stable key catalyst to a sharp fall in their share prices at the infrastructure business, has not suffered such swings. It end of 1995 - Nokia's market posted a 31 per cent rise in profits in the first half of value was cut in half between September and the turn of the year - was a this year and struck a confislowdown in growth in the dent note about the remainder of 1996. US, which accounts for 25 per cent of the world's

Part of Ericsson's confidence is explained by the belief that barriers to entry Demand slowed as US to the infrastructure busioperators moved to introduce new digital networks: ness should mean that margrowth in the older generagins will not fall as precipition analogus networks stal-led in anticipation, but the tately as they have for

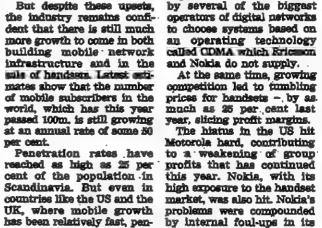
Ericsson clearly will not sweep the board in the new generation of networks in the US now that key operators have opted for CDMA. But its powerful position in the European digital standard GSM and GSM-related systems - which are the fastest growing network choices outside the US gives it great strength. Likewise, Nokia intends to cash in on its similar GSM strength in infrastructure as more networks are established worldwide and importantly - operators seek to build out existing networks to expand capacity and coverage.

In handsets, the pressure is likely to be greater on the established big groups. They have an advantage in having big volumes to enable them to withstand falling margins. But the smaller competitors are likely to be willing to sacrifice profits to build up the market share that will give them critical volume mass later.

Much greater market segmentation between limited function, cheaper handsets, and multi-function, expensive phones is already begin-ning to develop, with a growing emphasis on styling and marketing. The awkward challenge to the existing dominant groups is to win such a battle against companies such as Philips and Panasonic which have much greater experience in consumer electronics.

Maritage Francis

· .



mobile market.

production. Ironically, these were in part caused by the difficulty in keeping pace with the sheer rate of

growth it had experienced in

on stream. Compounding the

problem for the European

suppliers was the decision

Comparison of world markets Solition (1994 priore)

South East Asian Cellular Markets

provides you with essential data and tabular statistics in one single report of over 200 pages. The report gives you an invaluable perspective on the history, experiences, opportunities and the trends emerging in the following four South-East Asian cellular

markets:

Philippines Thailand

Plus 18 South-East Asian cellular operator profiles. Published: June 1996 Price: £350/\$560

For a brochure complete with contents details please complete below and fax to: Deirdre McDonnell +44 (0)171 896 2256 Tel +44 171 896 2236

FT Telecoms and Media Publishing, Maple House, 149 Tottenham Court Road London W1P 9LL



Telecoms & Media Publishing

REGISTERED OFFICE, PEARSON PROFESSIONAL, MAPLE HOUS

	-	
Address .	 	
		 -
Telephone	 Fax	 · - • • • • • •

Save up to 80% International C

Call Francis at: (201) 996-1670 Fax (201) 996-1870 all communicates.com

•6 Second Billing Increments
• Crystal Clear Sound Quality

NEWWORLD

No Start co, Line, or Monthly F

Research Firm IDATE just released

Worldwide Telecommunications and Media Markets Analyses

Telecommunications Service Operators around the World CD-ROM (including graphics)

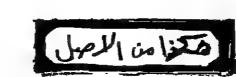
Telecommunications Equipment Manufacturers and Markets around the World CD-ROM (Including graphics)

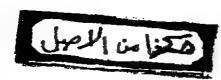
◆ The World Atlas of Mobiles.

◆ Telecommunications & Corporate Networks: Major European Corporation Strategies mercial evaluation of the offers - Analysis of the telecommuni operators strategies

 Audiovisual and Telecommunications Markets in Latin America ◆ The World Film and Television Market

Tel -33'67 14 44 44 - Fax: 433/57 14 44 06





FINANCIAL TIMES THURSDAY SEPTEMBER 19 1996

RHYS DAVID SURVEYS EDITOR

To A Name of Street

bile

Later School Sec. 48.00 - 50.00 Mary of the

A second transition of the second sec

 $(A_{i}A_{i})_{i=1,2,\ldots,n} = \frac{1}{2} (A_{i}A_{i})_{i=1,2,\ldots,n}$

PHONE

142 A 35

	·	* * .					·
	•	R	II			•	
		FINANCI	AL TIM	IES		* - ,	;
Dear Reader,							
Please could you help u it to the research compo or an envelope.	any using the In	ternational	Business	Reply Ser	isho <u>nnaire,</u> n wice - you d	old, and seal re o not need a st	am ani
The research results will strictest confidence as Opinion and Marketing details.	guaranteed by 1	the code of	conduct	of ESOM	LAR (the Eur	ropean Society	v fo
If you have any further me directly.	comments abo	art this, or c	ther FT a	surveys, pl	case do not l	hesitate to wri	4- 4
						<u>:</u>	40 5 I
Thank you for your help	p				, .	<u>.</u>	

	TOUR	READE		OF THE	FINAN	LUAL	IIMES	
								(1-6)
1. How s	itan da yari	usually read	or look et-					
		ly issues of t						
		of the Finan						
	,			• .	Moi	nday to		
					Frid	lay (7)	Saturday	(8)
Verv tre	iquentiv - at lo	east 4 issues (out of 5	_	D 1		Dt i	
_		sues out of 5					2	
		, ad M Maddannag 1994 50 ⁴ 154111115 1 Madda					<u></u> 3	
Never		4	1745 przez sodał 10842-00 010, j ódzoco	1 100-100-100-100-100-100-100-100-100-10	. 🗖4	,	□4	
				٠.				
2. Where	do you usu	ally read the	Financial 1	Times? (ple	sse tick al	I that appl	y)	
•				,				
	•		•	··•		iday to	O-1	44.04
		,		1	Frid	ay (9)	Saturday	(10)
				> ************************************	.: 📮11		<u></u> 1	
		ر المادانية المادانية المادانية والمادانية والمادانية والمادانية والمادانية والمادانية والمادانية والمادانية و					D2	
		, M Par 1 1000000 grafia (def singlate de la 1819 de			# □_4:		□8 □4	
CISOWI	Jele		90000000000000000000000000000000000000	, *,	.		<u> </u>	
					ah wasak d	- 161	in the male	Lhadha
		s publishes : or as separai	-	-				_
		k, how many						
•	hed or at a k	-	20 100 100	· · · · · · ·	(entities of	i un day	ordy die	
•	less tha		2	4	4	·5 .	•	(11)
_ uovie	L) loss inter	" ' D : · ·	<u> </u>	Ď		, D		(**)
	— .				_			· · .
		2.5				· .		
		UD DEA	DEDCH	D OF T	ule er	CHIDY	EV	
•		UR REAL	A HOLD			SULV		
	dua ausantias	ns relate to th	de latemat	loval Tales	· ·	dione euro	IAM	
ne tolion	viud dnesnoi	IS I SIZE IO U	ikė nurės raci	JOHN: THEO	Jimmaine	Inche en	rwy.	
Howin	wch of the li	nternational 1	Felecommi	inications s	urvev did	vou read/	do vou exp	ect to
have n	ead once vo	u have finish	ed with it?			•		
		PPM M Mandahalmapan Glyggdonenn Isro-i				. □1		(12)
		* 198* 64 10 1 104 7 1 104 7 104 6 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				. 🗀 2		
About	half				······································	. 🗖 3		
Lana M	as bolf				· · · · · · · · · · · · · · · · · · ·	🗖4		•
Did not	read it - skip	to Q11		COCCOCCOCCOCCOCCOCCOCCOCCCCCCCCCCCCCCC	فالة 170 الزووج مسيمه مسمدة الر	. 🗅 5		
Apart 1	rom yoursel	if, how many						
None	1	2	3-4	5-9	. 10+		know	(13)
					u			
						500	•	
. What v	vili you do w	rith this surve	y once yo	u have tinis	ned read!	ng it?		
Keep ti	ne copy or se	elected pages	tor further r	eterence		ינם .		(14)
Pass it	on to a collec	ague						
Throw	it away - skip	to Q7	ر المستقدين المستقد الوالي المراكد المستقدم المستقدم ا	,	٠, .	u.		
•		n dan a dan da anton a	nfaranca 1	whore will it	he kent?			
o. If this :	survey is ke	pt for future r	eletetice, i	HINCLE WILL H	oc nopii.	ים		45
in the c	ompany libra	ry/another ce	ntral locatio	n		יום:		(15)
in your	own office	AND 1 AND 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1 A 1	named his little and the little and			. □3		
in anot	her office/der			•		□4		
At hom	6 ,		کر رستسیوری که سیمی	· - ·		5	:	
Elsewh	ere							
	# .&~&~-	nents are wri	tten below	which mial	t apply to	the interr	national	-
A num	ber of staten	nents are with ns survey. Pl	ease indic	ate how stro	ongly you	agree or o	lisagree wi	th
Teleco	mmunication tatement.	IND GOT LCALL		:			_	
each s	Michigal.			The second of the second	-		Disagree	
				strongly	slightly	slightly	strongly	•
				1	2	3	4	
h ie we	li written			🖸 .	<u>o</u>	0	<u> </u>	(16)
		っっ いけいたり ほこりき	WILL HILE	<u>-</u> <u></u>	Ò		. 0	(17)
		mak 4 3.6 ECT P3C		4040		- III III		(18)
	2 1-1d out 200	l nresenteu	_197-4-1		<u> </u>	- 12	. 0	(19)
		4 organine	THE RESERVE AND ADDRESS OF THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TWO IS NAMED IN COLUMN TWO IS N	1000				(20)
	OP(d undiaseu	كالكال الخواصط مى يوم يو يوم ي		.LJJ	n		(21)
it is up	to date		-			_	_	(44)
					um miosii			+ 3
Overal	, how would	you rate the	internatio	Fair Feiecoll		HIS SUIVE	, <u>.</u>	(23)
Excelle	nt	AGIÀ COO	u ,		10.0		-	رىب
F)		<u> </u>		_				

	- Anna Company				/	
						•
			-			
. Which, it any, of the a	advertisers listed b	elow do you	reme mbe r	seeing in t	his survey	LŞ.
Deutsche Telekom	ים	Lucent Tec	-	□ 7		(
Cable & Wireless Nortei	□2 □3	Siemens Ni Telecom Ita				
Singapore Telecom	0 4	Locate in S		ەت رىسار		
British Telecom (BT) Ricoh	1⊒5 1⊒8	Philips		۵×		
ricon	u •					
- A	BOUT FT SU	RVEYS IN	GENER	AL		
Which, if any, of the f	following surveys p	published rec	ently by th	e Financial	Times did	y yo
Aerospace				_		(
Reinsurance						
Infrastructure in Latin A Power in Asia						
Europe's Most Respec	ted Companies			□:6		
PhilippinesNone of these						
.Which, if any, of the 1	(elecommunication	n surveys pub	olished rea	riier this ye	ar, did yo	u re
or look at? UK Telecommunication	ne Market (March)			D 1		(
Asia/Pacific Telecomm						V
Telecommunications in None of these						
A number of statemen						
surveys produced by disagree with each or						
•		Agree strongly	Agree slightly	Disagree	Disagree strongly	
FT surveys are well wri	itten	1	å	3	4	(
They are useful to me i	n my work					(
They cover a wide rang They provide informatio	,					G
would not see otherwis They are better than th	9		8			Ç
publications		🗅				(
The writing is independ						(
They help me to keep is and developments		•	<u> </u>	<u>_</u>	Q.	Ç
They are accurate and	up to date					G
in general, how would	-			_		
Excellent	Very Good	ys? Fair		Poor		6
Excellent	-	Fair		Poor		6
Excellent 1 In which subjects or g	Very Good 2 peographical areas	Fair		d erested?		6
Excellent	Very Good 2 peographical areas	Fair		d erested?	B)	
Excellent 1 In which subjects or g	Very Good 2 peographical areas	Fair		d erested?	B)	{\$ (*
Excellent In which subjects or grant (please include any w	Very Good 2 peographical areas high are not curren	Fair a are you partintly covered in	by the Fina	arested?	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhasaby q laanga ganga jabab 1 i anaang	(3 (4 (4
Excellent 1 In which subjects or g	Very Good 2 peographical areas frich are not current following ways do	Fair a are you partintly covered it	by the Fina	erested? inclai Times	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhasaby q laanga ganga jabab 1 i anaang	(? (4 (4
Excellent In which subjects or g (please include any w In which, if any, of the As a briefing before visit As a part of your backg	Very Good peographical areas frich are not current following ways do iting the country or record research on a	Fair a are you partintly covered it you use FT aregion featured a particular pro	surveys? (erested? unclai Times please tick	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhasaby q laanga ganga jabab 1 i anaang	(? (4 (4
in which subjects or g (please include any w In which, if any, of the As a briefing before visit As a part of your backg To keep you up to date	Very Good peographical areas fich are not current following ways do ting the country or r round research on a with a particular indu	Fair a are you partintly covered it you use FT aregion featured a particular pro-	surveys? (erested? Inclai Times please tick	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhasaby q laanga ganga jabab 1 i anaang	(? (4 (4
Excellent In which subjects or g (please include any w In which, if any, of the As a briefing before visit As a part of your backg	Very Good peographical areas fiich are not current following ways do iting the country or r round research on a with a particular indusentations, reports of	Fair a are you partintly covered it you use FT aregion featured a particular production of their documents of their documents.	surveys? (d	erested? unclai Times please tick	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhasaby q laanga ganga jabab 1 i anaang	(; (* (* • ply
in which subjects or of (please include any which, if any, of the As a briefing before visit As a part of your backgo To keep you up to date to incorporate into preson to show clients, supplied to keep you generally in the property of the	Very Good 2 peographical areas frich are not current a following ways do iting the country or record research on a with a particular indusentations, reports of ers or other contacts informed	Fair a are you partintly covered it you use FT aregion featured a particular projection or other docum	surveys? (please tick	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhasaby q laanga ganga jabab 1 i anaang	(? (4 (4
in which subjects or grant (please include any which, if any, of the As a briefing before visit As a part of your backg To keep you up to date to incorporate into presto show clients, supplies	Very Good 2 peographical areas frich are not current a following ways do iting the country or record research on a with a particular indusentations, reports of ers or other contacts informed	Fair a are you partintly covered it you use FT aregion featured a particular projection or other docum	surveys? (erested? Inclai Times please tick	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhasaby q laanga ganga jabab 1 i anaang	(5 (4 (4 oply
in which subjects or of (please include any which, if any, of the As a briefing before visit As a part of your backgo To keep you up to date to incorporate into preson to show clients, supplied to keep you generally in the property of the	Very Good peographical areas hich are not current following ways do ting the country or round research on a with a particular indusentations, reports on the contacts informed	Fair a are you partintly covered it you use FT aregion featured a particular production of other documents	surveys? (please tick	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhasaby q laanga ganga jabab 1 i anaang	(? (4 (4
In which subjects or grant (please include any which, if any, of the As a briefing before visit As a part of your backg To keep you up to date To incorporate into present to keep you generally in other ways (please which ways at the Guide to the Incorporate into present to show clients, supplied to the Incorporate into present to show clients, supplied to the Incorporate into present the In	Very Good peographical areas fich are not current following ways do iting the country or record research on a with a particular indusentations, reports on the contacts informed find out about forte Week (in Monday)	Fair a are you partintly covered it by you use FT aregion featured a particular property, country or other documents of the coming FT are paper)	surveys? (d	please tick	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 (4
In which subjects or grant (please include any which, if any, of the As a briefing before visit As a part of your backg To keep you up to date to incorporate into presto show clients, supplied to keep you generally in other ways (please which ways are the advance notice).	Very Good peographical areas frich are not current following ways do thing the country or record research on a with a particular indusentations, reports on the contacts fromed fried out about fortile Week (in Monday) es in the paper	Fair a are you partintly covered in the country of	surveys? (d	please tick	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 (4
In which subjects or g (please include any w In which, if any, of the As a briefing before visit As a part of your backg To keep you up to date. To incorporate into pres To show clients, supplied In other ways (please w How do you generally if I see the advance notice I receive an advance to	Very Good peographical areas hich are not current following ways do thing the country or round research on a with a particular indusentations, reports on the contacts informed	Fair a sare you partintly covered it by you use FT a segion featured a particular production of their documents of the coming FT and the	surveys?	please tick	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 (4
in which subjects or grant (please include any which, if any, of the As a briefing before visit As a part of your backg. To keep you up to date to incorporate into present to show clients, supplied to keep you generally in other ways (please which ways are the advance notice if receive an advance to it just come across them Editorial contact	Very Good peographical areas frich are not current in a particular indusentations, reports of the contacts friormed fried out about forties in the paper from the Final on the day of public in the d	Fair a are you partintly covered it by you use FT aregion featured a particular projection or other documents are the coming FT are the	surveys? (please tick 1	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 (4
In which subjects or grant (please include any was a briefing before visited as a part of your backges To keep you up to date to incorporate into present of the property of the ways (please was the downward of the control of the co	Very Good peographical areas fich are not current following ways do iting the country or r round research on a with a particular indusentations, reports o ers or other contacts informed mite in) find out about fort e Week (in Monday) es in the paper pic list from the Final on the day of public	Fair a are you partintly covered it by you use FT aregion featured a particular property, country or other documents are the coming FT are paper) ancial Times	surveys? (please tick	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(; (4 (4 (4
in which subjects or grant (please include any which, if any, of the As a briefing before visit As a part of your backg. To keep you up to date to incorporate into present to show clients, supplied to keep you generally in other ways (please which ways are the advance notice if receive an advance to it just come across them Editorial contact	Very Good peographical areas frich are not current following ways do thing the country or report of the person of the contacts frictions, reports of the contacts frictions of the contacts friction out about forties in the paper friction the cay of public contacts on the day	Fair a are you partintly covered in the covered in	surveys? (please tick 1	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 (4
In which subjects or g (please include any w In which, if any, of the As a briefing before visi As a part of your backg To keep you up to date To incorporate into pres To show clients, supplie To keep you generally in other ways (please w How do you generally I look at the Guide to the I see the advance notice if receive an advance to I just come across them Editorial contact Advertising contact PR contact Other	Very Good peographical areas fiich are not current following ways do iting the country or r round research on a with a particular indusentations, reports o ers or other contacts informed mite in) find out about fort e Week (in Monday) es in the paper pic list from the Final on the day of public on the day of public	Fair a are you partintly covered it by you use FT aregion featured a particular production with the coming FT are paper) ancial Times are cation	surveys? (disconstitution of the control of the con	erested? Inclai Times please tick 2 2 3 4 6 7 7	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 (4
In which subjects or gray (please include any was a briefing before visited as part of your backge To keep you up to date to incorporate into present of the property of the gray (please ways (please w	Very Good peographical areas frich are not current following ways do thing the country or reports of the country or reports of the country or reports of the contacts from the report of the week (in Monday) as in the paper pic list from the Final on the day of public on the day of public from the	Fair a are you partintly covered in the covered in the region featured a particular production of the country of other documents are paper) ancial Times cation cobtained cop	surveys?	please tick pleas	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 3 (4
In which subjects or g (please include any w In which, it any, of the As a briefing before visit As a part of your backg To keep you up to date. To incorporate into pres To show clients, supplie To keep you generally in other ways (please w How do you generally I look at the Guide to the I see the advance notice I receive an advance to I just come across them Editorial contact Advertising contact PR contact Other In which of the following (please tick all that applied to your own or someone	Very Good peographical areas hich are not current following ways do thing the country or round research or a with a particular indusentations, reports of ers or other contacts informed	Fair a are you partintly covered it by you use FT aregion featured a particular projection growther documn are other documn	surveys? (surveys) (survey	erested? Inclai Times please tick 1 2 3 4 6 7 7 1 1 2 1 3 1 4 1 5 1 7 1 8 surveys?	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 PPIy (4
In which subjects or g (please include any w In which, if any, of the As a briefing before visit As a part of your backg To keep you up to date: To incorporate into pres To show clients, supplied In other ways (please w How do you generally if a line of the advance notice if receive an advance to if just come across them Editorial contact Advertising contact PR contact Other In which of the following in your own or someone Had it passed on to you in a library, archive or si	Very Good peographical areas inich are not current following ways do iting the country or reported on a with a particular indusentations, reports of ers or other contacts informed into out about forth e Week (in Monday) es in the paper pic list from the Final on the day of public on the day of public else's copy of the public by a colleague imilar place	Fair a are you partintly covered it by you use FT aregion featured a particular production are call Times are cation and call Times are cation are call Times are cation are call Times are cation are call Times are call Times are cation are call Times are call	surveys? (surveys) (survey	erested? Inclai Times please tick 2 2 3 4 6 6 7 7 7 8 11 2 3 14 15 15 17 18 18 18 18 18 18 18 18 18 18 18 18 18	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 3 (4
in which subjects or gray (please include any was a briefing before visited as a part of your backges To keep you up to date to incorporate into present of the following as the advance to it is see the advance to it is se	Very Good peographical areas fich are not current find are not current from the country or record research on a with a particular indusentations, reports of the informed find out about fortie in) find out about fortie Week (in Monday'es in the paper find on the day of public in the day of the day of the public in the day of the day of the public in the day of the day o	Fair a are you partintly covered in the covered in	surveys? (surveys) (survey	please tick pleas	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 3 (4
In which subjects or grant places include any was a briefing before visit As a part of your backg. To keep you up to date to incorporate into press To show clients, supplied To keep you generally in other ways (please with the Advertising contact and the	Very Good peographical areas inich are not current inich a particular indusentations, reports of are or other contacts informed inich	Fair a are you partintly covered in the covered in the region featured a particular production of the region featured in the coming FT are paper ancial Times are cation are ca	Burveys? (please tick pleas	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 PPIy (4
In which, if any, of the As a briefing before visit As a part of your backg. To keep you up to date. To incorporate into press To show clients, supplied to the see the advance notice if receive an advance to it just come across them to be the advance to it just come across them to be the advance to it pust come across them to be the advance to it pust come across them to be the advance to it pust come across them to be the advance to it pust come across them to be the advance to it pust come across them to be the advance to it pust come across them to be the advance to it pust come across them to be the total to the following the total to the following the total total total the following the total t	Very Good peographical areas fich are not current following ways do thing the country or round research on a with a particular indusentations, reports of the series or other contacts informed mite in) find out about forthe Week (in Monday' es in the paper pic list from the Final on the day of public list from the Final on the day of public list from the round public l	Fair a are you partintly covered it by you use FT aregion featured a party country or other documn are oth	surveys? (disconsistent of the surveys? surveys?	erested? inclai Times please tick 2 2 3 4 6 6 7 7 8 11 2 3 4 5 6 7 8 11 7 12 13 14 15 15 16 17	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 PPIy (4
in which subjects or grant (please include any which, it any, of the As a briefing before visit As a part of your backg. To keep you up to date to incorporate into press To show clients, supplied in other ways (please which was a contact and the advance notice if receive an advance to it just come across them to be a contact and the	Very Good peographical areas fich are not current following ways do thing the country or round research on a with a particular indusentations, reports of the series or other contacts informed mite in) find out about forthe Week (in Monday' es in the paper pic list from the Final on the day of public list from the Final on the day of public list from the round public l	Fair a are you partintly covered it by you use FT aregion featured a party country or other documn are oth	surveys? (disconsistent of the surveys? surveys?	erested? Inclai Times please tick 1	Phi bhabhasay gafii i i daaqa dii ah gappagaa apii bhaaby g laanga ganga jabab 1 Tananag	(3 (4 (4 3 (4
In which subjects or general process include any was a briefing before visit As a briefing before visit As a part of your backg. To keep you up to date to incorporate into prest or show clients, supplied to the process of the proce	Very Good peographical areas hich are not current following ways do iting the country or round research on a with a particular indusentations, reports of ers or other contacts informed	Fair a are you partintly covered in the covered in the region featured a particular production of the region featured in the coming FT are paper) ancial Times cation obtained coppaper te Internet)	Burveys? (Surveys? (Survey	arested? inclai Times please tick 1	ali that ap	(3 (4 (4 (4 (4
In which subjects or general process include any was a briefing before visit As a briefing before visit As a part of your backg. To keep you up to date to incorporate into press to show clients, supplied to keep you generally in other ways (please withow do you generally in contact and the advance to it just come across them Editorial contact advertising contact. Advertising contact and that applied the passed on to you in a library, archive or single your own or someone had it passed on to you in a library, archive or single your own or someone with a library and your own or someone with the passed on to you had it passed on to you had it passed on to you had it passed on to you with a library archive or single your own or someone	Very Good peographical areas frich are not current from the Financial Times on the form the Financial Times on th	Fair a are you partintly covered in the covered in the country country or other documents and a particular production are cation obtained coppaper is Internet) Fires organisation are companied internets organisation are companied internets	surveys? (surveys) (surveys) (surveys) (survey	arested? inclai Times please tick 1	ali that ap	(3 (4 (4 (4 (4
In which, it any, of the As a briefing before visit As a part of your backgo To keep you up to date. To incorporate into preson to show clients, supplied to the see the advance notice if receive an advance to it just come across them to be the advance to it just come across them to the see the advance to it just come across them to the see the advance to it just come across them to the see the advance to it just come across them to the see the advance to it just come across them to the see the advance to it just come across them to the see the advance to it just come across them to the see the advance to it just come across them to the following the see tick all that application of the following the see tick all that application of the following the see tick all that application of the following the see tick all that application of the following the see tick all that application of the following the seed of the seed of the following the seed of	very Good peographical areas fiich are not current following ways do iting the country or reported and the particular indusentations, reports of ears or other contacts informed	Fair a are you partintly covered it by you use FT aregion featured a party country or other documn are the coming FT are paper) ancial Times cation obtained cop paper le Internet) Times organisation are	surveys? (disconsisted and the surveys) (disconsisted and the	erested? Inclai Times please tick 1	ali that ap	(3 (4 (4 (4 (4
In which subjects or general process include any was a briefing before visit As a part of your backg. To keep you up to date to incorporate into press to show clients, supplied to keep you generally in other ways (please without a see the advance notice in receive an advance to it just come across them be be advance to it just come across them be be advanced to it pust come across them be be advanced to it pust come across them be be advanced to it pust come across them be	Very Good peographical areas frich are not current frich are not current from the Financial Times on the financia	Fair a are you partintly covered in the covered in the region featured a particular production of the coming FT are paper) ancial Times cation obtained coppaper te Internet) reganisation are	surveys? (survey	erested? inclai Times please tick 1	all that ap	(3 (4 (4 (4 (4
In which, it any, of the As a briefing before visit As a part of your backg. To keep you up to date to incorporate into prest To show clients, supplied to the see the advance notice if receive an advance to it just come across them Editorial contact. Advertising contact. Advertising contact. PR contact. Other. In which of the following please tick all that applied in your own or someone Had it passed on to you in a library, archive or si Via www.FT.com (the Fillon computer disc. On microfiche. Via FT Profile. Purchased a back copy. Have you ever contact advertisement in an Filly es - after reading an any es - after reading any enterested?	very Good peographical areas inich are not current following ways do iting the country or result research on a with a particular indusentations, reports of ers or other contacts informed wite in) find out about fort e Week (in Monday) es in the paper pic list from the Final on the day of public in on the day of public by a colleague imilar place inancial Times on the from the Financial Times on the from the Financial Times on the day of public in and a company or of survey? divertisement ricle	Fair a are you partintly covered it by you use FT are gion featured a particular production are cation and a particular times are cation and a particular times are cation are linearity or other documents are linearity and a paper are linearity are line	surveys? (surveys) (survey	erested? inclai Times please tick 1	all that ap	(3) (4) (4) (4) (4)
In which, if any, of the As a briefing before visit As a part of your backgrown to incorporate into prestro show clients, supplied to the I see the advance notice if receive an advance to it just come across them Editorial contact	very Good peographical areas inich are not current following ways do iting the country or result research on a with a particular indusentations, reports of ers or other contacts informed wite in) find out about fort e Week (in Monday) es in the paper pic list from the Final on the day of public in on the day of public by a colleague imilar place inancial Times on the from the Financial Times on the from the Financial Times on the day of public in and a company or of survey? divertisement ricle	Fair a are you partintly covered in the covered in the country country or other documents a particular production are cation. Times cation are cation ar	surveys? (surveys) (survey	erested? inclai Times please tick 2 2 3 4 6 6 7 7 8 iurveys? 1 2 3 1 4 5 1 5 1 7 1 8 iurveys? 1 2 3 1 4 1 5 1 7 1 8 iurveys? 1 2 3 1 4 1 5 1 7 1 8 iurveys? 1 2 3 3 4 1 5 1 7 1 8 iurveys? 1 1 2 1 3 1 4 1 5 1 6 1 7 1 8 1 8 1 1 1 2 1 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1	all that ap s would yo	(44 (44 (45

PLEASE FOLD AND RETURN IT TO FRAMEWORK AT THE ADDRESS OVERLEAF

ХХ

FOLD 4

BUSINESS REPLY SERVICE Licence No. LON2207

Framework
1 Rosebery Avenue
LONDON
EC1B 1WR

FOLD 5

movatic

FOLD 3

INTERNATIONAL TELECOMMUNICATIONS 21

ATM: by Michael Kenward

The technology is at last being embraced as competition intensifies

DLD 4

ALD 5

After half a decade of promise, the telecoms industry is finally adopting ATM technology. And it is doing so at an increasingly rapid pace. As with other aspects of telecoms, competition brought about by deregulation and the growth of the Internet are driving forward ATM.

ATM ATM (Asynchronous Transfer Mode – confusion with automated teller machines has not helped sell the technology in some markets) is a set of digital communications standards that define a technology for routeing messages between cus-

Two communications links now serve most desks, the telephone and the network for the computer or workstation. ATM can unite the two. It can also unite the local area network (Lan), the corporate wide area network (Wan) and public telecome networks.

Unlike older synchronous systems, ATM circuits do not establish fixed links, holding the connection and all of its capacity even when there are gaps in a conversation, for example, or when the call contains less data telephone call, signals from

a video conference, computer data, or any other into small "cells".

digital cell carries housekeeping information including addresses of the call's destinations. Like wagons travelling along a railway line, each cell can carry a different customer's traffic, travelling in the most efficient order. The cells come together at the end of the journey, as directed by the addressing information, to recreate the entire consign-

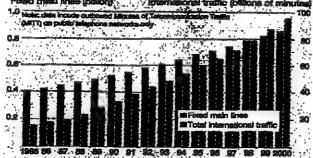
Bandwidth is the magic traffic they wish. No longer word in ATM technology. Video and high-quality graphics are high bandwidth applications; they send a lot of data through a network in a short time. Voice needs very little bandwidth. ATM allows the efficient combination of high and low band-

By making more efficient information - and turns it use of a telecoms link, ATM can cram much more traffic As well as its payload, the into a network, through a communication data, each fibre-optic trunk, or a copper

cable for example. In 1993 Comsat, a communication satellite company, demonstrated that commercial satellites can carry ATM traffic. Later this year Comsat will offer new ATM services, free for a promotional trial. period, over the Intelsat satellite telecoms system. In theory, ATM allows cus-

tomers to buy bandwidth on demand, to dial into a network and to send whatever would customers need to book lines for video conferences, for example. But this depends on the arrival of switched ATM that customers can call up in an instant, a facility now becoming available but only in some

Driving technology: global traffic growth.



organizational traffic (billions of minutes) Fixed main lines (billion)

PROFILE Lucent Jechnologies

No stranger to innovation

Few telecommunications equipment suppliers can trace their history as far back as 1869, but Lucent Technologies, the unit recently spun off from AT&T, has a tradition of innovations that has it well placed for the changing

Along with its strong position as a key supplier of cutting-edge telecoms equipment, Lucent also has the well-regarded Bell research laboratories and is involved in the development of new manufacturing technologies for advanced chips used in telecoms applications. It is also pioneering technologies such as its Inferno operating system, which could transform the way telecoms networks are used and spawn a significant market for new

communications devices. The big news at Lucent this year was that its parent, AT&T, planned to take Lucent public with an initial offering valued at about \$15bn. AT&T said that the Lucent spin-off would allow Lucent to compete better in sales to telephone companies without the problems associated with being linked to a large US long-distance telephone

A key feather in Lucent's cap is that it now has control of the famous Bell Labs, which have been a fertile ground for developing successful new technologies. With strong competition in the communications market, Lucent hopes Bell Labs will give it a competitive edge. Bell Labs has helped

AT&T register an average of one patent a day since 1925. Its communications technology contributions include the development of TV transmission, the transistor, the laser, the first communications satellite Telstar, touch-tone telephones, and key software technologies, notably the Unix operating system and the C++ programming language.

As software becomes an increasingly vital part of managing complex high-speed telecoms technologies such as frame relay and asynchronous transfer mode, a strong software base is an important asset.

Lucent is trying to establish its Inferno system software and Limbo language as an industry standard for enabling a wide range of software applications to be distributed over communications networks and run on virtually any hardware platform. This is a similar approach

to that pursued by Sun JavaOS systems software and Java computer language. An advantage of technologies such as inferno and Java is that software developers can create just one version of a the application on computer devices ranging from set top TV boxes, handheld reless computers, desictop. PCs and mainframes. This saves developers an enormous effort in porting their software to different

hardware platforms. Mike Skarzynski, vice-president and general manager of Lucent's Inferno business unit says: "Inferno comes out of Bell Labs and it has some of the same team of developers that created the Unix operating aystem. It will solve a real need in the market that network service providers and others are facing."

He notes the comparisons

made between Inferno and Java, but says that the two technologies are complementary. The Inferno operating system is designed to take up as little as 1MB of memory, making it possible to run Inferno and its applications on a wider range of computer devices without a large system memory. Native versions of Inferno have been developed for X86, MIPS, ARM platforms, PowerPC and Motorola

microprocessors. Inferno, however, will face a hard road in establishing itself in the wake of the enormous support that Sun's Java has received. Large telecoms companies and computer companies have announced plans to license Java and develop Java-based .

"AT&T bas not had much success in recent times in . establishing some key computer technologies. It was a big supporter of General Magic's Telescript technology which offers some of the same benefits as Inferno. And Java has captured a lot of attention," says Scott Rubin, an analyst at US market research firm Jupiter Communications.

Although Lucent says it will support Java applications, competitors such as Nortel and Siemens Rolm are both strong Java supporters and are likely to prefer using Java instead of Inferno - a technology from a big competitor. Lucent faces a risk in that its strong focus on Inferno could lead to a dead-end in terms of support from key third parties and that it may wind up behind the market when it comes to Java applications.

The days when a strong company such as Lucent could forge ahead sione with key technologies are gone and the complexity of modern communications technologies ruquires partnerships. Lucent is realising the need for these key partners in various markets. Karlier this year, it announced an alliance

ATM for use in multimedia A key management idea influencing Lucent and others, is to look at its competitors as potential partners in what is termed co-opetition". And Lucent will be announcing more partnerships in this vein

with network equipment

provider Bay Networks to provide integrated voice and data networks over

later this year. As corporations require more multimedia data communications, new markets for Lucent can be created. For example, it is trying to position its flagship 5E switch as capable of supporting any type of media such as voice, wireless, video, and

computer data.

The popularity of the Internet has placed great demands on telecoms companies to increase the speed of access for internet users. Current modem technology over plain telephone lines is limited to about 33 kilobits per second, while Integrated Services Digital Network modems can handle speeds of about 128 kilobits. Lucent has ioneered Asymmetrical (ADSL) technology which offers several megabits per second communications over copper phone lines.

However, earlier this ear, Lucent sold its Paradyne ADSL technology unit saying that it prefers to be a customers of Paradyne's. This should also help it take advantage of the best ADSL. technologies available rather than commit itself to one technology.

John Berndt, president of multimedia ventures and technologies for Lucent. Technologies explains. "Lucent Technologies can gain the advantage of Paradyne's technologies without owning and operating the busine since we will still have access to Paradyne's . current and future products as a customer."

While Lucent faces many of the same challenges that its competitors are grappling with, its strong technology base should ensure future succe

Tom Foremski

ceived as a standard for the world's telephone systems, so far it has done more for data traffic over Lans, a relatively minor application when the idea surfaced.

impact in the healthcare sector, where hospitals, media facilities and university medical centres use ATM video conferencing, distance learning and remote diagnostics. Other targets for ATM

technology include natural resource exploration, film production, publishing, news delivery, research and education, and banking and finance.

With so much going for it, why has ATM taken so long to catch on? It turns out that achieving all the potential is not as straightforward as the propaganda suggests. ATM should have been launched as the best way to offer high speed data services, rather than a way of integrating voice and data, says Mr Dun-can Black, manager of Mercury's Technical Consul-

"It wasn't sold that way, which is why ATM has got a bad press," he adds. "Voice is not an easy thing to inte-grate with an ATM structure." Mr Black does not expect ATM to make significent inroads into voice traffic for "somewhere between five and 10 years".

These are indeed still early days for ATM in public tele coms networks. BT and France Télécom held the first video conference test between the UK and France, using the European ATM Pilot network, as recently as August 1994.

The state of ATM technology means that there is still room for research. The Europeen Union launched a fol-low up to the ATM Pilot network in April Project James (Joint ATM Experiment on European Services) is a collaborative project between 18 European network opera-Project James will conduct

research into the use of ATM technology for broadband networks with the aim of developing a Europe-wide ATM-based interconnection structure together with asso-

ciated experimental services. ATM has made more progress in data communications where there are two key drivers in the spread of the technology. One is the rapid ATM has already made an

traffic growth. The other is the demand for high band-Width for certain applications, and the subsequent need to integrate those customers with existing net-WOTKS. Networks installed for internal e-mail now carry

World Wide Web pages as commanies install "intranets" These internal WWW sites are used for such things as centralised sales records and service manuals. With increasing use of graphics, movies and sound, all heavy consumers of bandwidth, sending this information across the Lan can quickly outstrip its capacity.

"It blows the average corporate network out of the water." says Mr Black.

A major advantage of ATM is that it offers the possibility of quickly increasing capacity by bolting on extra modules. ATM is, says Mr Black, "the only technology that really does scale up

While 95 per cent of the people on a network may not need lots of bandwidth, they still have to be connected to the same network. This connectivity is only now becom-ing possible at a reasonable cost. Until recently, says Mr





stim, noticely needed aspent grivem released of MTA say a Black, too little effort went has prompted alliances for Deutsche Telecom in

into integrating ATM into existing networks. There just wasn't the hardware around to bring ATM

to the desktop. This is now beginning to happen, he explains, as companies like IBM offer the technology to bring ATM to the desk more economically. IBM's own experience

shows that potential customers overestimate the likely cost of implementing ATM. The computer company sponsored a survey earlier this year by Total

One finding in the survey of 277 organisations in the UK was that network managers estimate the cost of ATM at £750 per user which is about twice the true

The market for ATM could explode when people realise that it the costs are not significantly more than for older technologies.

The survey showed that while just two of the companies questioned had already implemented ATM, some 14 per cent expected to do so within a year. Of this 14 per cent, 46 per cent aim to use ATM on the Lan backbone. 36 per cent plan to use it for Wan connections, and 26 per cent intend to extend it to the desktop. The merger of the local

and corporate network, the the public telecoms system, man backbone' ATM system be left behind.

between companies that serve the two sectors. Earlier this year, for example, the electronic giant Siemens and the Canadian company Newbridge Networks, a lead-ing supplier of network products and systems,

announced a co-operation agreement to "push the development of ATM technology and integrate their ATM products reciprocally in their respective product Siemens is a leading sup-

plier to the public telecoms industry. Newbridge claims to have more than half of the ATM Wan market, a position it has built up in its 10 years existence. Ernst-Heinrich Goeldner, of Siemens's Public Communications Networks group, believes that the alliance between the two companies will overcome the separation.

"The only way to stay in business," says Dr Goeldner, "is to be on both tracks and to combine the data and traditional carriers."

of telecoms and data han-

There has been interest in ATM in the public telecoms sector for a few years, says Dr Goeldner, but products that can provide a stable communications backbone are only now becoming available.

For example, 'ATM on Lan and the Wan, and the demand is still new. Sie-desire to connect these to mens installed the first Ger-

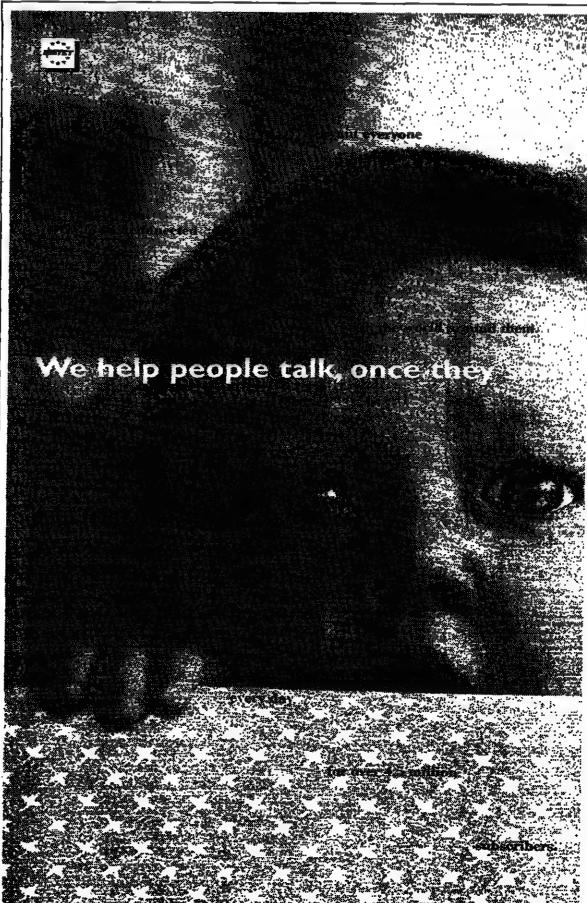
1994. In July this year the company introduced its first switched ATM service. The industry is now reaching a position with ATM, says Dr Goeldner, "where we can show people what can be done and not just put it on

With reliable technology coming on stream, a major driving force behind the growth of ATM is the spread of deregulation and the arrival of new carriers. Mike Wilkinson, Product Marketing Manager for ATM with Newbridge Networks, believes that the technology provides new entrants into the telecoms market with the foundations for networks that can grow as they add new services.

For example, says Mr Wilkinson, new carriers offer to replace leased lines with virtual networks built around ATM technology. The carriers can then expand these networks relatively easily to offer new services.

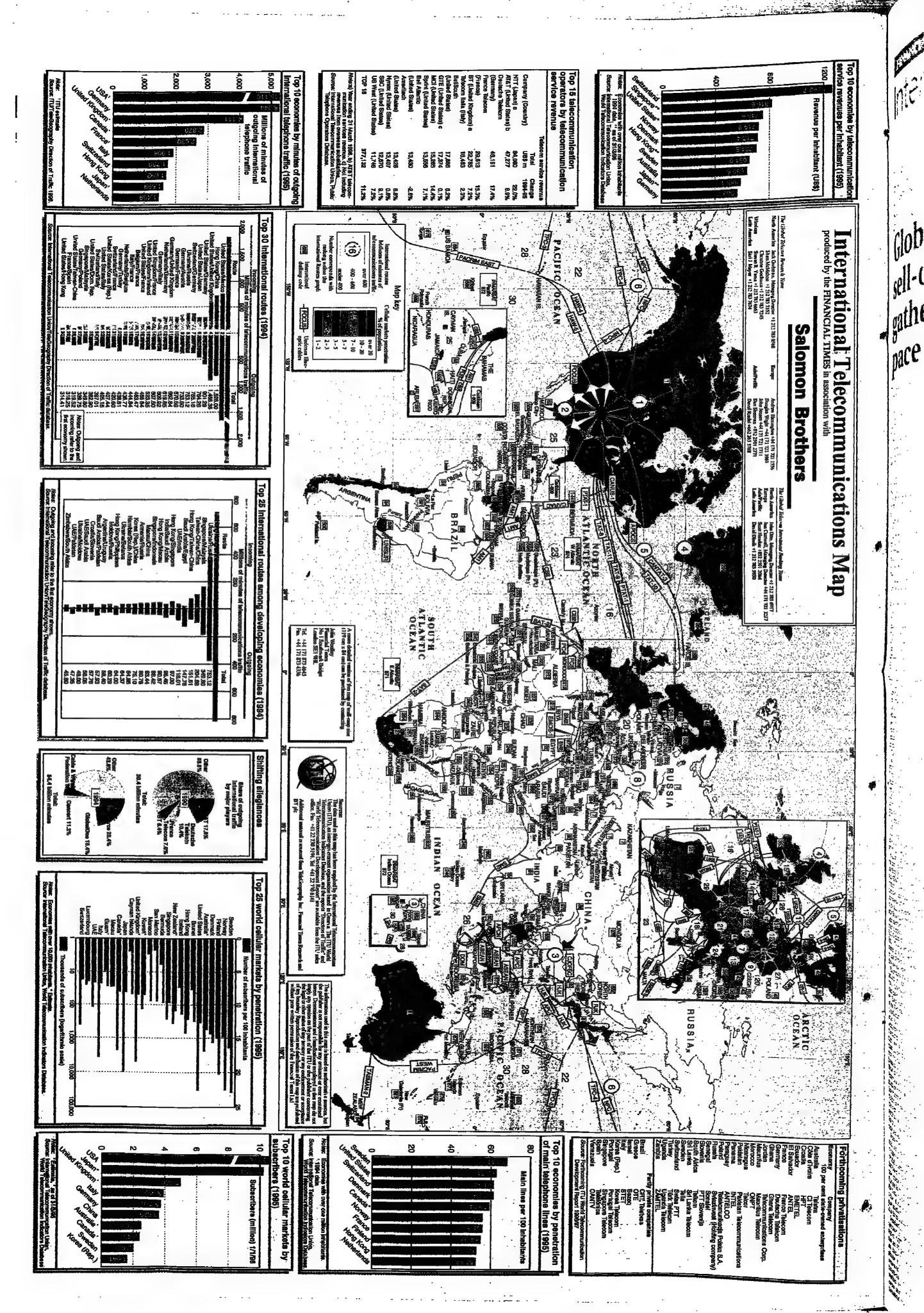
"ATM platforms are an excellent delivery mechanism for these new ser-vices," says Mr Wilkinson. There is more ATM where there is competition, he

Established carriers do not want to be caught on the hop, so even though they have huge installed systems based on older technology, they are committing themselves to ATM so as not to



roaming.





مكنامن المرصل

International

TELECOMMUNICATIONS

While national governments are busy liberalising their telephone industries, the rate of change, shows broad geographic differences, writes Alan Cane

Global sell-off gathers pace

The global telecoms business is peering into a future guaranteed to bring unprecedented structural change as a result of liberalisation, globallsation and a shift from traditional telephone services to multimedia.

Companies once seen as natural state-owned monopolies are being privatised at a rate which will force the investment community to dig deep into its pockets. A first tranche of Deutsche Telekom comes to market in November with a \$10bn price tag. Stet of Italy and France Télécom are expected to fol-

low early next year.
At a technical level, moreover, the industry is faced with replacing the infrastructure of the global telecoms network before it creaks to a halt under the burden of demands from customers which were never envisaged when the present network was designed.

Opening up most of the world's telecoms markets to competition remains crucial to the creation of an advanced international telecoms network capable of supporting a global econ-

World Trade Organisation talks earlier this year failed to secure such a global agreement. A new deadline of February 15 next year has been set in the hope that enough major countries can be persuaded to promise to open their markets to the extent that an accord can be

ever, shows broad geographic differences. The North American market, accounts for 30 per cent of the world's telecome traffic, is in a ferment of activity over opportunities made possible by the 1996 Telecommunications Act. which opened the country's local, long-distance and cable television service markets to full competition.

It allows, for example, the regional phone companies, the "Baby Bells", to compete with AT&T and other long distance carriers in the lucrative long-haul market. Only weeks after the passage of the Act, a number of the Baby Bells have picked strategic partners to improve their competitive position. SBC Communications and Pacific Telesis announced a merger in April. Bell Atlantic and Nynex followed suit three weeks later.

The ground rules for competition in the US in this newly liberalised environment have yet to be finali-sed. Reed Hundt, chairman of the Federal Communications Commission, the regu-latory body charged with setting the rules, said carlier this month: "If we do our iob right, we will pull off the most successful bit of demonopolisation since the break-up of the Standard Oil Trust in 1911; we will boost America's world leading pro-ductivity rate; we will stimulate hundreds of billions of dollars in new investment in the next 10 years and as a result we will see as many as Im new jobs created in that time period."

Fears that such a communications revolution, led by companies whose entrepreneurial spirits and efficiency had been honed in competitive markets, would leave Europe lagging were behind the decision to open the EU's voice, data and infrastructure markets to full competition from January 1, 1998.

Similarly, the dominant operator in the Asia Pacific region, NTT of Japan, which has an 87 per cent share of its domestic wireline telephone business, is facing renewed calls for its break-up. A study panel within the Japanese telecoms ministry argued that multimedia revolution on breaking the group into a page 13 of this survey.

single long-distance operator and two local operators would speed liberalisation of the domestic industry and

improve earnings. NTT countered, however, that the break-up would not only be prohibitively expensive, but that it would damage its global competitive ness and reduce investment in telecoms R&D. The Japanese government has delayed a decision on the break-up until the end of the current financial year.

An immediate effect of competition is to reduce prices. Despite the fact that only the UK, Sweden and Denmark operate fully liberalised markets, prices have been falling across Europe for the past decade as operators prepare for 1998.

Analysys, a Cambridge-based consultancy specialising in calculating telecoms costs says: "As liberalisation proceeds and European operators increasingly move into each other's markets, there will be pressure for [currently] non-liberalised countries to bring their prices into line with liberalised countries.

Mobile phone services in Europe have, in general, been liberalised from the outset. Even so, the most have been seen in countries with a number of competing operators. In the UK, for example, where Vodafone, Celinet, Orange and Mercury One-2-One are fighting flercely for market share. ers have seen price declines of more than 60 per cent.

in the mature economic

for growth in the basic business of providing telephone lines and services. Increased competition, lower technology costs and falling prices mean telecoms operators. awash with cash now, will find profit margins squeezed by the turn of the century. Price pressure will apply to large and small operators and to fixed wire and mobile operators. Operators used to monopoly profits such as Deutsche Telekom and France Télécom will be hard-

The measures to counter the threat of declining profitability include the formation of strategic alliances at a global level to compete for the business of large international customers and local alliances to challenge incumbent operators on their home territory. The principal established by BT and MCI of the US, Global One, set up by Deutsche Telekom, France Telecom and Sprint of the US and WorldPartners led by AT&T.

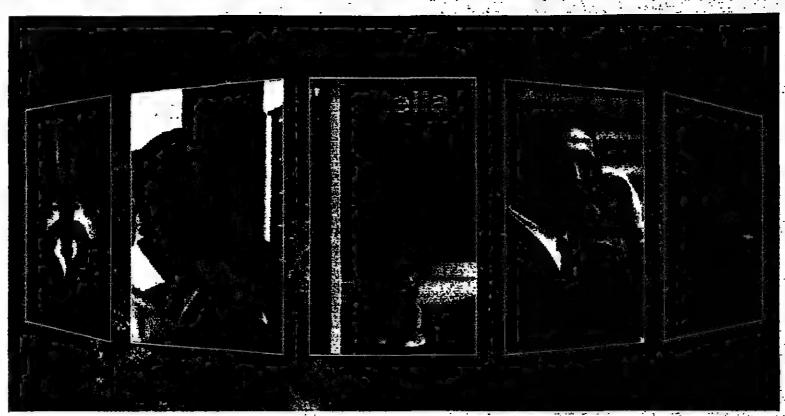
Cost-effective operations will become crucial as older operators burdened with a bureaucratic decision-mak ing structure and a surfeit of staff, fight for market share against a host of nimble new operators.

The need for continued beavy expenditure on infrastructure and new services may see operators make increasing use of non-recourse funding for major projects. They are already putting pressure on their suppliers to cut prices.

Multimedia services in a variety of forms from videoconferencing to internet services and broadcast entertainment offers operators a golden opportunity to maintain and increase profitability.
Today's networks, how-

ever, are not up to the task Much depends on the operators' commitment to creat-

ing infrastructure suited to 21st century services. Alan Cane explains who the global telephone network is at risk from the demands of the



IN THIS SURVEY

 The global alliances:
 articles on Global,
 WorldPartners and Concert follow pattern of recent the spate of carrier link-ups

South Africa: the state s addressing the deep ities in the provision of telephone services

Interview: Alan Cane talks to Fichard Brown, newly appointed chief ecutive of C&W

Germany and DT: dimate of competition in Europe's largest economy and the prospects of Deutsche Telecom

Finance: the investment banks benefitting from the telecoms boom

 Europez develoomen in France, Italy, the UK and Russla and eastern Europe Pages 6 and 7

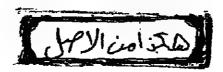
lapan, Talwan, China, India

The Americas: recen trends in the US, Canada, Mexico and Brazil

he word SMOW OUSINESS.

To be a key player in the global market, you need a truly global communications network. One that links all your customers, suppliers and partners wherever they are in the world. BT (British Telecommunications pic) has that network. Our global network for data, voice and image puts you in touch with over 1,300 cities in more than 110 countries. Lets talk business.

Call us on +44 117 921 7721 (Europe) or +61 2 269 1745 (Asia Pacific).



Tensions hard to avoid

Adapting to new partners' business styles poses headaches for global players

Ron Sommer. Deutsche Telekom's chief executive, enjoys taking a dig at his competitors.

Companies like Mannesmann and Veba, two of Germany's biggest would-be telecoms operators, are not going to find it at all easy, Mr Sommer says, to blend their cultures with those at AT&T and Cable & Wireless, their respective international partners.
"That all takes time," he

likes to point out. However, when it comes to

Global One, the new company created earlier this year to handle much of Deutsche Telekom's international traffic, Mr Sommer and Deutsche Telekom find themselves in much the same position.

denly has to get used to the

business styles of France Télécom, the state-owned French carrier, and Sprint, the third biggest US long-distance carrier.

Getting used to the former may not be so difficult, given that France Télécom and Deutsche Telekom are both still state-owned operators which enjoy a virtual monopoly in their respective

However, working with Sprint, the Kansas Cityhased group which has grown rapidly in the US's largely liberalised market, is likely to be a rather different

The tensions are easy to see. A standard Global One press release has to allow space for Chris Rooney, the boss of the company's world unit, to make his comments. Room also has to be found for Jean Arnould and Jürgen Dostal, the heads of the Europe and the networking divisions, to have their say.

"It's decision by committee," says one telecoms analyst, who believes the group's structure compares Concert, the global telecoms venture in which British Telecommunications has a 75 per cent stake. MCI, the second biggest US long-distance carrier, holds "The only thing that is

good about Global One is that it isn't a United Nations type arrangement, which is what has occured at Uni-world," the analyst said. Uniworld is the alliance between AT&T and Unisource, which itself is an alliance between national telecoms operators in the Netherlands, Spain, Sweden and Switzerland.

However, while decisionmaking at Global One may be complicated, the company does pride itself on providing dedicated Global One staff in more than 60 countries around the world. At Concert and Uniworld, the separate companies within the alliances deal with clients.

There is evidence also that the clearer fault lines at Concert have led to other problems. One UK-based

unfavourably with that at international telecoms ana lyst claims, for instance, that MCI is bypassing Concert and selling network outsourcing on its own account in the US.

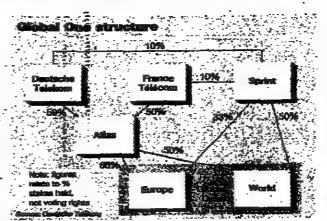
MCI has also created a Canadian subsidiary, SDH, which is partly competing with Concert and has been selling virtual private network or VPN services separately in France, he says. "MCI has not entered into the spirit of Concert in quite

analyst says.
That has everything to do with the fact that BT was desperate to enter a global alliance and was prepared to pay a huge amount of money in order to be able to book up with MCL"

the same way as BT," the

What does appear clear, analysts say, is that Global One has a headstart over Uniworld, which has come to something of a standstill in recent months

Part of the problem for Uniworld lies in Spain where the government is hoping to postpone full liberalisation munications of the teleco



operations, however, it

encouragingly clear that the

market for so-called seam-

less global telecoms services

provided by a single opera-

tor is growing substantially.

Much business communi-

cation that used to take

place by paper mail is now done by mesns of electronic

mail. And the growing mum-

ber of companies which glob-

alise their operations would

be keen to streamline their

ever more expensive tele-

"That is all good news for

ns operations.

market for another four years until 2000. The delay is likely to jeopardise Telefonica's full membership of Uni-

Other analysts say that relations between the different companies within Uniworld are likely to be complicated by the fact that they get to keep the profits from new businesses they introinto the venture. Global One and Concert do not operate along those

While Global One, Concert companies providing global telecoms services," says and Uniworld struggle to further streamline their

the Yankee Group Europe, a telecoms consultancy. Paul Sharma, a spokesman

for Concert, says the volume of global, seamless telecoms services is roughly doubling every year as companies become more comfortable using the system, and as the geographic reach of the various networks increases.

Services are also likely to become more attractive and affordable as alternative telecoms infrastructure is liberalised across most of Europe. Mr Sharma says. Concert, for instance, is about to start a trial period with Hermes, the consor-tium of European railway networks which will carry telecoms services in the cables alongside its railway

He admits, however, that BT had no real idea of the size of the market because the competition, in the form of Global One and Uniworld, has taken so long to materi-

The figures themselves add to the confusion sur-rounding the global alliances. Global One has forecast sales this year "in excess of \$800m", while Con-

Tony Dench, an analyst at cert, which was established in June 1994, said it had sales last year of \$400m and has sales "in the pipeline" worth another \$1bn.

Concert insists its figures account only for services carried on Concert's network, while Global One's fig-ures, it says, include all international telephony from the three partner companies. Vince Hovanec, a spokesman for Global One, contradicts this, saying the Global One figures include all incoming international traffic to the three carriers but that outbound international traffic accrues to the three carriers

themselves. While there is still uncertainty about the way the alliances calculate their revenues, Global One is readying for its first concerted advertising campaign this autumh.

The European Commission had forbidden the company to advertise within the European Union before it received final approval for the venture. With that secured on July 17, the company will now put the case for seamless global telecoms services in media across

WorldPartners: by Richard Handford

Eight new countries targeted

As competition builds, winning is about having more carriers and offering more services

WorldPartners Association, one of the three leading global carrier alliances, plans to sign up new partners and expand Its range of services over the next 12 months as competition intensifies between itself and its two main rivals, Concert and Global

AT&T-led WorldPertners is talking to telecommunicstions carriers in up to eight countries, including China and India, about joining the

In addition, it would like to expand the services it offers, known as the Worldsource range of services.

The venture's plans follow on from its first three years of operation, during the course of which it signed up carriers and developed services tailored to multina-

Like its competitors, it aims to be able to offer multinationals a single set of services of consistent quality across all its offices in differ-

The venture was formed by US telecommunications giant AT&T in May 1993, when it joined forces with two other carriers, Singapore Telecom and Kokusan Denshin Denwa (KDD) of Japan. The venture was initially a response to the BT-owned Syncordia, which later evolved, through BT's partnership with US carrier MCL into Concert.

A year later the Unisource joint venture of European carriers Telia of Sweden. PTT Telecom Netherlands. Swiss PTT Telecom, and Telefonics of Spain joined

Unisource and the three existing members of the venture, are its only equity investors. As well as selling its services, they also make the strategic decisions.

WorldPartners now has agreements with carriers in a further 12 countries. These partners sell its services but have no equity involvement in the venture. All carriers, whether shareholders or just members of its association, pay a fee for the right to offer the Warldsource range of services, but keep the revenues generated from the male of arryices themselves. WorldPartners develops all

its own services but leaves the selling to the carriers. Virtually all the members and shareholders are from

the Asia-Pacific, Canada and the US. They include Hongkong Telecom, Telstra of Australia, Telekom Malaysia, Korea Telecom and Unitel of Canada. New carriers which join over the next year from countries such as India and China are likely to do so as members rather than investors.

sented by two companies for the whole of Europe: a subsidiary of AT&T serves the UK market, and the AT&T-Unisource alliance covering every other European coun-

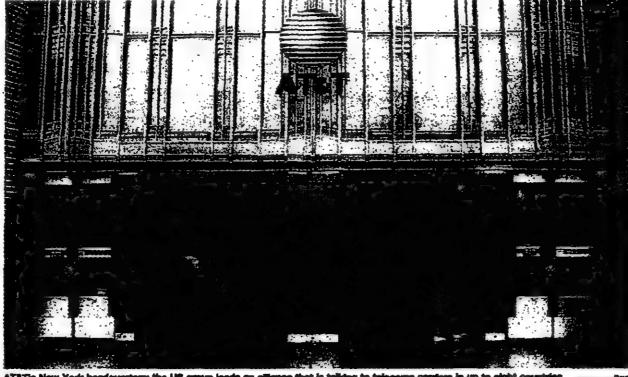
ies PIT

ATST

Sprin

Fľ

DT



WorldPartners' structure,

particularly in Europe but,

Mr Pagos claims, "we are

not the United Nations". The

ridsource services while

try. This alliance, set up in May, builds on the back of the partners' previous Uniworld link-up for the European market, created in December 1994.

to change its structure. according to Jim Pagos, AT&T vice-president for international strategy and alliances: "We have the right form and the right relation-The venture is only repreships," be says. But, Mr Pagos adds, "we will look for participation from other car-

MCI

main decisions are taken by the four equity shareholders. WorldPartners is unlikely However, if other members of the association feel marginalised within the association's structure, they are less likely to be committed to selling its services. It is these carriers which enjoy any profits generated from

WorldPartners, which develops the services, aims only A frequent industry jibe to breek even by living off refers to the complexity of their membership fees. Compared to its partnership structure, WorldPart-Traffic base of major sillance ners' portfolio of services appears simple. It offers a virtual private network voice service, private network data service and a frame relay service for higher speed data applica-

Over the next six months to a year it plans to broaden the range of data services on

In addition, WorldPartners considering whether to develop an Internet service that members could offer to mers. This could take the form of an Intranet service which would enable cor-

porations to enjoy the benefits of the internet on their own private networks.

The internet has arisen as one of the most important issues facing alliances of big telecommunications currient. When they were first conceived in the late 1980s and early 1990s, the Internet was not a prominent factor in their plans to develop global services. Now WorldPartners most decide whether to offer such a capability globally to its customers, or leave partners to deploy their own Internet services at a local

Rival Concert announced in June that it was close to finishing construction of its own global Internet network. The way they deal with the internet might also give some indication of how the three global carriers aim to nish themselves from one another.

AT&T's Mr Pagos argues that WorldPartners has already done that in areas such as quality of service but many users are sceptical about whether much difference exists between the alliances. "I have spoken to dosens of international companies and a strong

theme emerges that these

alliances are seen as national monopolies becoming global cartels," said one ding industry consultant. "Users ask: 'What's the difference? in terms of pricing, features and value for money," he says

WorldPartners currently has 225 customers, including Mastercard, Nomura Research and National Semiconductor. All of them were referred to the association by its members, many by AT&T in particular, which indicates the extent to which WorldPartners, like its rival ventures, is primarily a defensive strategy. A carrier such as AT&T is nervous that if it loses the overseas business of a US multinational then, ultimately, that customer might decide to shift all their US husiness to foreign carrier as well.

While the various allimoes continue to offer simflar services to customers then, defensively, they are safe, although unlikely to generata much new revenue through winning business from one another.

Once they choose to differentiate, that will reflect a more offensive approach, which is likely to be welby most customers.

Concert: by Alan Cane Stealing a

march on its rivals

Clearance from the US and EU has given the BT-MCI link-up a big advantage

British Telecommunications and its US partner MCI announced earlier this year that they were close to completing the world's largest

internet network. involving the installation of at least 12 large switches in the US, Europe and the Asia Pacific region linked by high capacity fibre optic cables, the new network, to be launched later this year, will increase the capacity of the Internet by about a third, improving speed and

efficiency for its users. For most of them, private individuals or small companies, the advantages brought by what BT is calling "Internet Plus" will be their first experience of Concert. BT and MCI's global supercarrier. "For the first time," says Geoffrey Axton, Concert's vice-president for commercial development, "the Internet will be reinforced by an industrial strength network with a guarantee of

quality service." Concert, a strategic alliance 75.1 per cent owned by BT and 24.9 per cent by MCI, will operate and manage the new network. Its chief objective has been to provide seamless, end-to-end communications for the world's

multinational companies. Announced in 1993, it was not the first of the global supercarriers. Unisource, initially formed by the Dutch and Swedish national telecome operators was the first, followed by the AT&T-led group WorldPartners. Concert has, however, a lead over its rivals as the only supercarrier with full regulatory clearance from both the

US and EU authorities. This is because the US and UK markets are both judged to be open and competitive to the same degree. Global One, an alliance between Deutsche Telekom and France Telecom, has won only conditional approval because of the closed nature of its parents' home markets. The same is true of World-Partners, which includes

Unisource as a partner. Concert, headquartered in Reston, Virginia, has been quick to capitalise on its advantage signing up more than 2,700 customers and securing \$1bn in revenues in its first trading year with, according to BT chairman Sir Iain Vallance, "as much again in the pipeline". According to company officials, the company is running ahead of its business plan and expects to break even at the operational level in the financial year 1997/98. Its international customers include Ford, Citibank, Grand Metropolitan and

Acer Computer. The creation of Concert was a bold move for BT. It paid \$4.3bn for a 20 per cent stake in MCI, a company of markedly different culture and management style.

The early days were tense as the two companies learned to adjust to each other's style. In the end, how-

ever the gamble will pay off handsomely if Concert can secure a significant share of the \$10bn large multinational companies spend annually on telecoms ser-

It offers a portfolio of six global services including virtual networks, packet switching, frame relay, internet and managed bandwidth and an interesting development called Concert

Inbound. Of particular value to comnanies with internationally distributed call centres, Concert Inbound makes possible the collection and redistribution of calls in bulk to any specified destination or pattern of destinations.

Concert Communications owns and operates the global network. It uses what is essentially common technology worldwide with switches provided by Ericsson and Nortal, Concert engineers are testing ways of using the most advanced data transmission technology. ATM, to improve the efficiency of the core network. ATM services will later be offered to Con-

MENS

MOORF

CEPT CURSOMOTE. in the early days BT and MCI were responsible for marketing, pricing, sales and customer service in their own territories with MCI taking responsibility for the Americas.

That policy has since been diluted. In March, BT took a 25 per cent stake in Clear Communications, New Zesland's second largest operator. MCI already holds a similar stake in the New Zealand company. The deal strengthens Concert's position in the Asia Pacific region where it is weak compared with Europe or the

Concert has since secured a deal with a subsidiary of NTT, Japan's largest tele-coms operator, for the distribution of Concert services in Asias Pacific

Concert's virtual network gent switches to provide expensive leased lines for the cost of conventional dial up calls and, as Mr Axton claims, for the first time enables a telecoms manager to take control of his or her international traffic - are among the most important in its portfolio.

The basic service provides for seamless voice and data links between countries together with a one-stop shop for installation, service and billing. It is available in 50 countries.

Its advanced features include the first VPN-based worldwide conferencing service and a calling card enabling customers to make low cost long-distance calls when away from the office.

According to Mr Axton. Concert's quality lies not in the ability to connect one network to another, a basic skill for telecoms operator but in the systems integra tion which makes possible seamless services and net-

work management: He reckons that Concert has a two-year lead on the opposition. However, such is the pace of change in international telecoms that it will have no time to rest on its

South Africa: by Alice MacAndrew

Government is

pushing through plans that include 4m new lines in five years

More than two years after coming to power, the South African government is finally taking steps to address the legacies of apartheid, which bequeathed the country deep disparities in the provision of telephone services.

In May, the government put new legislation before parliament which provides for the sale of a stake in the state-owned telecommunications carrier, Telkom, to an outside body. The draft legislation also prepares the ground for the installation over five years of 4m new lines. This will effectively double the number of lines

across the country. As the bill moves slowly through the parliamentary process, the ministry of posts and telecommunica-

tions has started negotiations with a number of foreign telecommunications operators and consortiums which are under considerution as possible strategic partners for Telkom.

The winning bidder will take a stake of between 20 and 30 per cent, at a price expected to range between \$1bn and \$2bn, and is expected to be announced by March 1997 when the draft bill has passed into law. It is understood that a

short list for the strategic partnership with Telkom has already been drawn up. One analyst predicts that the final list will include:

 A grouping of Deutsche Telekom and one other European operator (negotiations are still in progress);

 A consortium comprising SBC (formerly Southwestern Bell) Communications and Telecom Malaysia (regarded by some as being the best placed to be selected as the final winner):

 A grouping of Konink-lijke PTT Nederland (KPN) and the Swedish operator

• A consortium that includes either Bell Atlantic OF AT&T.

The quicker the government moves to push through the necessary legislation to accommodate this, the better it will be for the telecome network. The resources and expertise that the strategic partner to Telkom would invest in expanding and modernising the South African network are long over-

At present, the network is patchy and underfunded. In traditionally white areas there are an estimated 60 lines for every 100 inhabitants. But in black areas the average ratio is one in 100, With rural areas particularly badly serviced. The provision of better

telecommunications services

is seen as central to South

Africa's economic develop-

ment. The government recognises that an efficient and widespread telecoms work is essential to boom the global competitiveness of the country's economy, and regards the development of the telecommunications sector as a means of job and wealth creation. With this in mind, the

should set wires humming

emphasis in the draft legislation is on the creation of a countrywide universal service by the year 2000, and not on the introduction of competition into the talecoms market. The government has no plans to introduce competition until its target of universal service has been achieved.

In this respect, South Africa differs from developed countries around the world which are channelling their energies into meeting World Trade Organisation targets for the global liberalisation

The starting date for

deregulation of the sector in

South Africa will depend

the sale of Telkom and the rate at which new lines are installed. Meanwhile, the governwith telecommunications

equipment suppliers over the tender for contracts to install a million fixed lines across the country. Five contractors were shortlisted and have submitted bids. They are Marples, the South African arm of

NEC Equipment, Lucent, the former telecommunications equipment arm of AT&T; Siemens of Germany, Alcatel of France; and Ericsson of The government says it could award up to three con-

tracts for the work, but it has not set a time for the decimon. There is, on the other hand, a time scale for the introduction of a regulating

body. The draft bill now before parliament will establish a new regulator - the South African Telecommunications Regulatory Authorentirely on the progress of ity (Satra) - by the start of

the new year. The bill also provides for the accelerated merger of Satra with the Independent Broadcasting ment has been negotiating. Authority, which currently regulates the broadcasting industry, to create a regulator with responsibility for all both sectors. Similarly, the bill provides

for the department of posts and telecommunications to be restructured into a policy unit, responsible for co-ordinating the development of policy on posts, telecommunications and broadcasting. with a separate directorate for each area. This transformation will enable a distinction between policy, regulation and operations in these SECTOTS.

Significantly, the new legislation lays the foundations for a universal service agency, reinforcing the government's determination to work towards the aim of universal access. The new agency will be there to ensure that the sector does not lose sight of these objec-

N THE RANGE

als

PROFILE Cable and Wireless's new chief executive

Brown ready to ring the changes at C&W

Key executives from the corners of the Cable and Wireless empire were in London this week to hear Richard Brown, the company's recently appointed chief executive, deliver his preliminary judgements on the group's

progress and prospects. Since his arrival on July 1, Mr Brown has spent little time behind his desk at the company's Theobalds Road, London, offices. He has been "logging up air miles, fighting off 'flu. weathering jet lag and trying to keep up with the work back at headquarters" while acquainting himself with what he describes as "the most global

telecommunications company I know". C&W, the UR's second largest

telecoms company, made profits of £1.34bn on turnover of £5.5bn last year. It has interests in some 50 countries. Its UK subsidiaries are Mercury Communications and mobile operator Mercury One-2-One. Mr Brown, born in New Jersey

49 years ago, and educated at Ohio University in the American mid-West, is well known in US telecoms circles, but something of an unknown quantity in Europe. Indeed, before Dr Brian Smith, C&W chairman, offered him the job, he was a stranger to

He took over in unusual circumstances. The former chairman and chief executive had both been forced out after an acrimonious boardroom row. Merger talks between C&W and British Telecommunications, which would have created one of the world's largest telecoms groups, had collapsed.

Analysts had become increasingly gloomy about C&W's prospects, pointing to its dependance for the bulk of its profits on its 57.5 per cent owned subsidiary, Hongkong Telecom, and its perceived lack of a

coherent business strategy.

Much, therefore, is expected of Mr Brown. The contrast with his predecessor at C&W, James Ross, is marked. Mr Ross came from the oil business while Mr Brown has 27 years of experience of senior roles in the telecoms industry. Mr Ross is austere and cerebral while Mr Brown laughs

easily and often and favours sporting metaphors. Those who know him, however, say that his capacity for ruthlessness should

not be underestimated.

Mr Rest favours conseque management, a style Mr Brown deplores: "I am bent more on action than strategy," he says sharply. "I understand the value of a strategic plan, but too many times people labour over the strategy to get it picture perfect, while failing on the execution. I admire intelligence but I believe the world has more smart people

than effective people."
The pattern of Mr Brown's career suggests that he is both

The winners of the future in this industry will not be the bigger players but the better players'

smart and effective. After leaving university, where he read both engineering and English, he joined Ohio Bell, a local telecome company, working his way up through a variety of jobs on the services side.

In his thirties, he become vice-president, engineering, with United Telecommunications, a company which evolved into Sprint, the third largest US. long-distance carrier. While at Sprint he first became acquainted with C&W through joint work on transatlantic cable routes.

He moved from Sprint to the role of chief executive at Illinois Bell, the largest subsidiary of Ameritech Corporation, one of the seven "Baby Bells" which provide local phone services in the US, and then to vice-chairman at Ameritech

While at Ameritech he took a leading role in preparing the groundwork for the US Telecommunications Act, pas this year, which effectively

demolished the barriers between local, long distance and international services.

His last job before joining CaW was chief executive of H&R. Block, the largest US tax preparation company and owner of the on-line information service CompuServe.

An unusual departure for a telecoms executive, perhaps, but Mr Brown says he was excited by the challenge of running a large, publicly quoted company. "What really lured me was the fact that CompuServe was there, so I could dabble in the on-line services

industry," he says.

What seems to have impressed Mr Brown most in his whistle-stop tour of C&W is the quality of its global assets. It has operations in western Europe, eastern Europe, the Asia Pacific region, the US and the

Many analysis expect Mr Brown to seek to put together a big deal - a merger or strategic alliance - within the next few months. He, of course, is giving no detail of his intentions, but the broad outlines are clear. He intends to focus on growth, efficiency and identity, the last because he thinks C&W's potential is a well kept secret: We must do a better job of

raising our profile."

The key, however, is revenue growth: "A healthy bottom line begins with the top line. The sustainable health of a business is dependent on recurring top-line growth. The trick will be to focus on turnover without sacrificing bottom line performance."

"Cable and Wireless is big enough to be successful as an independent but small enough to be nimble. I think the winners of the future in this industry will not be the bigger players but the better players. It will be the ones who can move quickly, the ones who are tuned into their markets, the ones who perform."

He is willing to discuss some of his immediate objectives. Where C&W decides to remain in a . particular country, for example, he wants it to put down deeper roots, by which he means selling a multiplicity of products rather



Richard Brown: 'Coble and Wireless is big enough to be auccessful as an in

"If we are in mobile, we should consider what it takes to be in wiraline and what it takes to be in data or video. Mangins are better if you sell sell multiple services into a single market," he

C&W is one of the world's largest mobile operators, but he wants to see better integration between its fixed wire and mobile services. In the UK, that will

mean closer co-operation between Mercury and Mercury One-2-One. "No wireline company can be successful in the future if it does not have a wireless capability. The firms that divorce the two technologies are crippling themselves," he says. He is keen to strengthen

Mercury and to involve it more desply in international activities, especially in mainland Europe.

Funding for the UK operator will rise but at the expense of other investments. "You should not expect to see any big surprises in our capital expenditure programme for at least the next

12 months," he says. Mr Brown says his immediate priority is to ensure that the interests of C&W shareholders are protected during the transfer of power in Hong Kong from the British to the Chinese government next year. "I have a great deal of confidence that can be arranged," he says.

"The only measure of business leadership success is how the shareholder benefits over time. he says. "My objective is to make

Alan Cane

SIEMENS NIXDORF



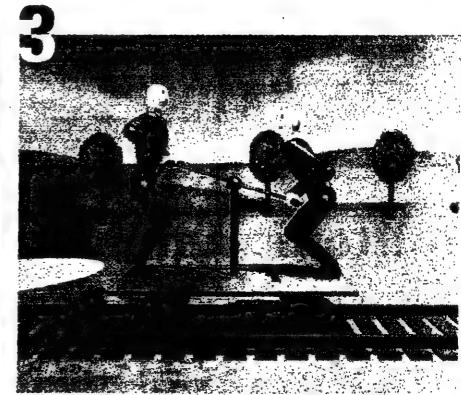
The challenge at hand

It is not unusual for an organisation to appreciate its goals but be unsure of exactly how to reach them. Faced with the option of more complex information technology and telecoms solutions, it is easy to see how a lack of focus can result. The task in hand can be daunting. To maximise your performance you need the expertise of a company that offers a unique blend of skills. Only Siemens Nixdorf Telecom has the knowledge vital to aid the development of your existing markets and deliver new services. We do this by supplying customised solutions which integrate with existing systems, in a practical and realistic way.



A joint endeavour

Siemens Nixdorf Telecoms' single, most valuable asset is our people. They possess a wealth of expertise in information technology, telecoms and R&D - providing a service which is creative, innovative and fast. The ability of Siemens Nixdorf Telecom and our parent company Siemens to provide suppliers with the resources they need is unrivalled, it is the fusion of these two market winners that makes Siemens Nixdorf Telecom the only choice of ally in the carrier's fight for market share. We have harnessed the combined strengths required to provide genuine value added services and offer globally the reliability and security needed in a business partner.



Delivering together

Siemens is Europe's largest telecoms company and Siemens Nixdorf is its largest information technology provider. We have shared, and solved, the problems of the most successful organisations in the world. Combined, we are already helping major players provide the global services needed to supply their customers with products easier, faster and cheeper. We set ourselves the highest standards of customer care and support, to ensure your enterprise functions ever more efficiently. When the benefits come on line you will appreciate the critical difference that Siemens Nixdorf Telecom makes to hardware, software and the

Siemens Nixdorf: User Centred Computing

■ Germany: by Michael Lindemann

DBKom bid paves way for market liberalisation compete against Deutsche Tele- unit. "Deutsche Bahn has to maintain its leadership role, multimedia, a business which vices, such as data, across alter-

niche operations.

have a home for its existing

assets - which include corporate

network services, satellite com-

munications and several other

other significant

expected in the

coming months

Jürgen Schrempp, as Daimler-

Benz chief executive head of Ger-

many's biggest company, is

looking for new activities, having

overseen a substantial with-

drawal from aircraft building and

What will Daimler-Benz do?

A number of

decisions are

Diversification by rival companies could soon mark end of Deutsche Telekom supremacy

The German telecommunications industry is one of the most agitated sectors of Europe's largest economy, and this July's bld for DBKom, the telecoms network operated by the German railway group Deutsche Bahn, has stirred things up further. Indeed, the outcome - a victory for Mannes mann, the engineering and telecoms group - may have marked the most important step so far on the way to a fully liberalised telecoms market in Germany.

Winning the 49.8 per cent stake in DBKom puts Mannesmann, the one-time pipemaker that has engineered a remarkable transition into telecoms, at the head of a field of Germany's biggest companies, including Veba, Vlag, RWE and Thyssen, all vying to

However, while the competition for the stake DBKom has ended, a number of other significant decisions are expected in the coming months:

 What will Veba and Thyssen do to align themselves with the larger telecoms alliances which are shaping up on the German

Veba, the energy-based con-glomerate, signed a memorandum of understanding in January with Mannesmann, which was supposed to lead to a merger of their infrastructures, including the D2 mobile phone network and Veba's electricity grid.

Little happened in subsequent months and now Mannesmann has secured the DBKom stake there is little prospect that the two Düsseldorf-based groups will be able to turn their initial flirt into a lasting embrace.

"That won't be possible any more," says Peter Mihatsch, the head of Mannesmann's telecoms

insisted that the DBKom network and Thyssen, which is looking includes everything from the infrastructure cannot be sepa-somewhat lost since it falled to Internet to digital television. infrastructure cannot be separated from the other services provided by DBRom."

Veba may still take a stake in DBKom itself. If that were to happen, however, it is clear that smann would be calling the shots and, as analysts point out, such a move would represent a significant setback for Veha.

The group is twice as big as Mannesmann in terms of sales, and launched its telecoms activities 18 months ago with the boast that it was determined to become the second biggest telecoms operator in Germany.

Instead Veba may seek to create an alliance with Thyssen, the steel and engineering group. The two each hold a 30.135 per cent stake in the mobile phone network E-Plus - a compelling reason to work together and a building block for joint future activities.

the closure of AEG. The advantage of such an alli-He has recently s Daimler-Benz should expand into provide liberalised telecoms serance is that Veba would be able

Internet to digital television. win the DBKom stake, would

There is speculation that Debis, the group's services and telecoms division, may join forces with AT&T to bid for Germany's fourth mobile phone licence which is due to be awarded next February and which will comnence operations the following. May. If Debis does submit a bid. A will herald a significant new force on the German telecoms

merke • Will Deutsche Telekom be allowed to introduce its controversial corporate client rebates

on November 1 as planned?

After months of wranging the European's Commission has allowed Demische Telekom to use the rebates - 10 months later than the company originally hoped - but has set a number of conditions.

The ministry for post and telecoms must, by then, have native telecoms networks belonging to electricity utilities.

Deutsche Telekom must also by then have begun talks with its by then have begun talks with its competitors to ensure that they can access and exit — break in and break in a b

tives at Veba and other operators suggest that an acceptable com-promise is unlikely to be reached November L

• Will Deutsche Telekom be forced to self its cable network, the world's largest, connecting over 16m households?

A forced sale looks increasingly likely, as politicians in Brussels and Bonn realise that. such a disposal would do much to enhance competition on the so-called local loop - telecoms parlance for the distance between household, and the nearest

main telecons cable.
In its life report, earlier this In its Lit nopoly commission.

a body advising the German government on competition policy, recommended that Deutsche Telekom sell the network - "the only available alternative infrastructure when it comes to fixed

networks which has direct access to clients". Among other things, the commission pointed to the UK experience, where liberalisation of the cable television network in 1991 brought the first significant competitive impulse to the local loop.

However, industry executives point out that it may be difficult to force Deutsche Telekom to sell the network now that it is nominally a private company. "We may have missed the right point to do this," says one executive.
"Deutsche Telekom is now the legal owner of the network.

Others point out, however, that, while it may be "legally untidy" to force a sale, the private operators can collectively create so much political pressure that Deutsche Telekom is forced to give up the cable network.

Deutsche Telekom

Doubts over earnings potential

Finding a telecoms analyst who will say anything on the record about the prospects of Deutsche Telekom, Europe's biggest telecoms operator, is like trying to stop your teenage daughter from going to a Boyzone concert.

For months analysts have refused to be quoted on anything about Deutsche Telekom either because their banks were part of the global consortia involved in placing one of Europe's biggest ever share issues or they were desperately hoping to join them.

Muzzled as they almost all are by the need to adhere to guidelines set by the Securities and Exchange Commission, the agency which oversees the New York Stock Exchange, it has become harder to predict the course being steered by Deutsche Telekom.

Most analysts privately dmit that Deutsche Telekom, the world's third largest telecoms operator, is well placed in a global impressive growth prospects. The group has a virtual monopoly on Europe's most lucrative market and will, despite claims by fledgling competitors such as Mannesmann, be hard to

dislodge. It is also, for example. Germany's second bigges impressive real estate portfolio, much of it in prime sites in city centres across Germany.

As a state-owned company Deutsche Telekom bad no incentive to extract profits from these assets but there is every indication that the real estate has considerable earnings potential if properly managed.

And as Ron Sommer, chief

executive, likes to boast, the company also owns the world's largest ISDN network, the broad band network needed for basic interactive services such as video-on-demand. One in three ISDN connections around the world is in

Germany. Deutsche Telekom is also part of Global One, a powerful three-way global telecoms alliance with France Telecom and the US carrier Sprint. Global One has begun operations earlier than expected and is likely to provide stiff competition for Uniworld and Concert.

the two older alliances. hang over Deutsche Telekom's future, particularly as it will have to face a fully liberalised market from January 1, 1998 likely to attract carriers as diverse as US giant AT&T and Singapore Telecom. A study by Barclays de Zoete Wedd, the only leading investment bank

Leading world debtors						
Ropak	Country/company	Debt (Son)				
1	us	4,964				
2	Japan	4,153				
3	Germany	1,382				
1	Italy	1,250				
5	France	689				
14	Deutsche Telekom	67				
25	Turkey	86				
	80	unce: World Sand, armud rep				



Telekom through one of the consortia handling the issue, sheds light on some the company's shortcomings. Worst of all, Deutsche Telekom carries with it a debt mountain of more than DM100bn. making it the 24th largest debtor in the world, behind Argentina and just ahead of Turkey on a league table of the world's leading debtors.

The same study points out that Deutsche Telekom should be able to generate free cash flow, after existing investment commitments, of DM26bn over the next five years. That will help the company run down the debt mountain, but as competition grows, interest payments will represent a considerable burden.

per cent of Deutsche Telekom's workforce are civil servants with jobs for life and are the most expensive employees in the European telecoms industry. On average they cost DM79,000 last year - 25 per cent more than the average across Europe, the BZW study sava Mr Simmer has said he

On top of that about 50

wants to shed about 40,000
jobs to get the workforce
down to 170,000 in 2000.
That would enable him to
raise per capita productivi
to levels being reported by
leading competitors such
ATAT and BT.
Shedding so many people
is likely to be expensive.
IN ITERITA IO DE EXPECTATAR

partly because of civil servants' generous pensions allowances. And already there is speculation that Mr Sommer will have to trim his workforce further still, possibly shedding another 30.000 jobs and incurring higher charges.

Other factors are likely to diminish Deutsche Telekom's earnings potential.

Tariffs were rebalanced earlier this year making some calls cheaper. VAT will no longer be passed on to customers and business clients have been offered discounts of up to 39 per cent - a range of measures which will drag down the results. Accordingly, the BZW study forecasts that it will be 1999 before Deutsche Telekom's earnings exceed the DM5.8bn net profits

reported last year. Finally, Mr Sommer will have to contend with an increasingly aggressive European Commission, keen to ensure that competition in Europe's biggest talecome Lindemann

market is taken seriously. He has trouble enough with Wolfgang Bötsch, the German minister for post and telecoms, who is still trying to box through a liberal new telecoms law which has been builed as "courageous" by organisations such as the American Chamber of

Karel Van Miert, the EU's competition commissioner, is not located within a stone's throw of Mr Sommer's office and is likely to be more difficult still. If Brussels gets its way Deutsche Telekom may face an harah regulatory regune which could further depress

its earnings. Among measures that Mr Van Miert is considering is a forced disposal of Deutsche Telekom's cable TV network, the world's largest. How that will happen, given that Deutsche Telekom will be partially privatised before the end of the year, remains to be

If the company is forced to sell it can further reduce its debts. On the other hand it faces yet stiffer competition.

Michael

Company	Gagr*1999-95 (%)	1895	1000
Detsche Telekom	8.4	184	200
Prance Télécom	3.7	215	223
डा	18.2	197	209
Telecom Italia	- 2.1.	276	283
Telefonien ·	-1.6	154	162
KPN	6.9	199	209
Tele Ommark	4.3	195	202
Portugal Telecom	n∕a-	188	207
OTE	7.8	210	221
flurope	5.9	201	213
Compared arount growth site	Stortes; Appe	ul metoria. AZ	V and

Wanted: regulator with teeth Rival providers

■ German telecoms regulation: by Michael Lindemann

and users both fear that controls. on privatised DT will be too lax

foligang Bötsch, minister for post and telecome

"The sort of regulator we need is somebody who wakes up every morning and asks: how can I bite Deutsche Telekom in the leg?" If there is to be any real competition on the German telecoms market, argues an executive at a US telecoms group, then a pugnacious regulator is essential.

Experience in the UK and the US, two of the world's most liberalised telecoms markets has abown, the executive says, that the former monopoly operators -. BT and AT&T - were not regulated aggressively

enough. So far, so good. However, many executives in the German telecoms industry admit privately that Germany is unlikely immediately to learn from mistakes in the US and the UK.

Deutsche Telekom, they point out, has powerful political connections and liberalisation in Germany tends to be piecemeal, rather than aggressive.

While the new telecoms law passed in July has attempted to create a liberal framework for the telecoms market after January 1, 1998, much more will depend on the 17 directives which Wolfgang Bötsch, the minister for post and telecoms, still has to finalise.

The directives will establish how telecoms networks can be connected with each other, and, most importantly of all, what it will cost to hop from one network to another - the so-called interconnection fees. Until they know what such connections cost, private operators say they cannot make any proper business plans.

Arguably the most important question of all, however, is who will head the new regulatory authority which will oversee competition in Germany's telecome It is here that executives

from other leading German companies like Veba, Mannesmann and Viag are likely to be most disappointed.

Much suggests that the tory authority, who will be appointed by the govern-ment in the first half of next year, may well be a politi-

If that is the case, industry executives say, the new reg-ulator is unlikely to have the necessary management experience to take on companies such as Deutsche Telekom -Germany's fourth biggest in sales terms.

Among the possible regulators the most likely candidate - and the one who most frightens industry executives - is Arne Börnsen, a deputy from the Social Dem-

ocrat party (SPD).
As head of the parliamentary committee on post and telecoms since 1994, Mr Börnsen has developed plenty of telecoms expertise, executives say, but will be inclined to prefer compromises pieced together behind

> Executives point out that DT has powerful political

connections closed doors to taking an aggressive stance against

Deutsche Telekom "The idea of putting a politician in charge of the regulatory authority is ridiculous. says an industry

If the government does appoint a politician to head the regulatory authority, there will also be consider able pressure from the SPD to ensure that Deutsche Telekom is not treated too

hershly. Among other things, the party has close links with the German Postal Union, the powerful trade union which counts about 70 per cent of Deutsche Telekom's workforce among its mem-

Aside from that, Rudolf Scharping, the leader of the SPD's parliamentary party, warned during a recent meeting with the American Chamber of Commerce, that Deutsche Telekom would need to have a competitive advantage over the next inroads and that these "three to five years" to ensure that share issues folpresident of the new regula- lowing the one scheduled in

November will bring in sufficient revenues for the government.

The comments caused considerable dismay, listeners reported.

There is evidence from other quarters also that the regulatory regime may not be sufficiently harsh to give the fledgling private operators a proper foothold in the

telecoms market. In a recent interview. Peter Mihatsch, who heads the telecoms activities at the Mannesmann engineering group, said he had received repeated indications from sonn that both the finance ministry and the ministry for post and telecome were worried about the stock exchange listing in Novem-

That anxiety is likely to persist beyond November and may well last until at least the second issue of Deutsche Telekom shares. expected in 1998.

It could mean that the resulatory regime is again softened to ensure that Deut-sche Telekom keeps as much business as possible. Given that the government will still own 66 per cent of Deut-sche Telekom after the second issue, some executives fear there will never be a proper incentive to regulate Deutsche Telekom aggres-

sively enough. There is, meanwhile, only limited evidence so far of so-called "asymmetrical reg-ulation", the phrase telecoms executives use to describe a regulatory regime tipped against incumbent operators like Deutsche Tele-

Prices offered by operators will be regulated if the operators in question have more than 25 per cent of the business within a certain licence area - the city of Hamburg. for instance - or where the operator has more than 4 per cent of a certain market data transmission, for exam-

Initially, the only operator is likely to fall within both those categories is Deutsche Telekom.

Analysts are agreed, however, that it is not likely to take long for bigger companies such as RWE and Veba to make the necessary restrictions alone will not put sufficient pressure on

A hot topic among bankers

The spate of telecoms sell-offs will keep investment banks busy for years

Finance: by Nicholas Denton

"If I was starting today, telecoms is what I would focus on," says one rueful generalist investment banker. "It's the one sector m which you know deals are going to happen. If you're the head of a telecoms group at a bank, you're more or less quaranteed seven figure compensation."

Telecoms is hot. As befits Europe's largest privatisation, the flotation of Deutsche Telekom will generate the largest pot of fees for investment banks: about £200m for Goldman Sachs and the other members of the consortium.

Although the sale has been described as "the privatisation to end all privatisations", it is just the start of a refashioning of the industry that will keep investment banks busy for years.

The year zero for telecoms banking was 1984. The pate tern of telecoms privatisation - a public offering to retail investors combined with a sale to domestic and foreign institutions - was set with the sale for \$5.2bn of 51 per cent of British Telecom, And, in the US, AT&T long-distance operator, ried out by strategic sale. is well structured to handle

seven regional Bell operating companies, paving the way for competition. But it was only in the

1990s, driven by deregulation and technological development, that telecoms activity hit a consistently feverish pace. One after another, Malaysia, Mexico, Singapore, Thailand, Pakistan, Holland and Denmark have sold stakes in their state-owned telecoms operators. Apart from Deutsche Telekom, Stet of Italy will also be privatised later this year, and even France Télécom, long a hold-out, has appointed privatisation advisers. Among significant coun-

tries in Europe, only Sweden, Switzerland and Finland have still to decide on telecoms privatisation and appoint investment banks. Although only about a quarter of state holdings in telecoms companies have been divested, pessimists already forecast the end of the classi-

cal telecoms privatisation. Most investment bankers are unconcerned. In the longer term, as existing players consolidate and insurgents appear, fees will come from advising on mergers and acquisitions, or raising

finance for new companies. Some of the smaller privatisations - of companies whose future alone is uncerwas broken up into a tain - have already been car-

retaining the name and Consortia of large telecoms companies have bought into the national operators of Argentina, New Zealand, Venezuela, Peru, Hungary, the Czech Republic and Belgium, among others. More takeovers will follow.

New territory for invest-ment bankers is opening up as larger operators form alliances - such as the Atlas joint venture between Deutsche Telekom, on which Morgan Stanley advised - or link up with second network providers as BT has done with RWE and Viag in Germany. And technological development - the convergence of telecoms and media industries, the spread of cellular telephony and Internet use - is sparking yet more activity. So which banks will bene-

fit from the telecoms boom? Goldman Sachs is the preeminent bouse for privatisation offerings. It has one of the best established telecoms analysts in Robert Morris and one of the biggest names in European telecoms banking in Scott Mead. Rivals suggest Goldman's very strength in privatisation offerings will prove a weakness as other sorts of deals proliferate. But Goldman is the prime mover in communicopia" - the industry which will result from the convergence of telecoms.

media and computers - and

the growing number of Inter-net deals.

Morgan Stanley has suffered from perceptions that its close relationship with AT&T may colour its advice to others and that its relative weakness in equities makes it unsuited to lead privatisation offerings. However, its expertise in highyield securities positions it well to arrange financing for the new entrants into the telecoms market. And its advisory track record will allow it to capitalise on the growth in telecoms M&A. It has done so already: the first privatisations in western Europe by strategic sale -Belgacom and Telecom Eireann - were organised by Morgan Stanley. Merrill Lynch is relatively

new to telecoms banking. but its distribution network has won it the post of global co-ordinator on Telefonica and left it well-placed to win the same role on France Télécom. In M&A, Merrill has signalled its ambitions bringing in Thomas Casey from Skadden Arps to build up its European tele-COLDE DISCUCA Three other investment

banks, Salomon Brothers. Lehman Brothers and Bear

Stearns, are strong in the

US. Salomon Brothers' tele-

coms group, under John Otto, advised Pacific Telesis

when it was taken over by

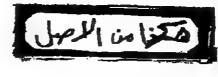
SBC Communications, a fel-

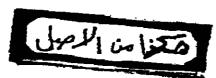
low RBOC. But the three have yet to make an impact outside the US. Of the European houses, Warburg gained an early

lead through its lead role on the BT privatisation. But the troubles leading to the take-over by Swiss Bank Corporation also prompted the departure of James and Peter Golob, the bank's leading telecom analyst and banker respectively. They went to Deutsche Morgan Grenfell, which is acting as adviser to the French government on telecoms privatisation and global co-ordinator on Deutsche Telekom. The new UK investment banking champion is BZW,

which captured the Stet mandate. By default, according to the UK bank's detractors, who claim its competitors suffered conflicts of interest. But the Italian telecoms privatisation will give BZW the track record it needs to win further deals. The premier league's final. and most intriguing player is

N.M. Rothschild. Tony Alt and his colleagues at the UK merchant banking boutique have extensive telecoms contacts through their work as privatisation advisers. Through its alliance with ABN Amro, which brings equity distribution to the party, Rothschild wants to convert these relationships into the lucrative lead roles in selling equity.





In case you hadn't noticed, the world is fast becoming digital. To make sure you don't get left behind talk to Nortel. You might be surprised to know we've designed, built and installed digital networks in over 100 countries worldwide. We also ensure they can evolve as quickly as your business. Because out there, it's the survival of the fittest.

Enterprise Networks - Wireless Networks - Broadband Networks - Public Carrier Networks

NORTEL HORTHERN TELECOM



To stay alive you have to stay ahead.

7.

 $M(G) = \operatorname{diag}_{G_{\mathcal{B}}}$

llato

'Telefonino' embraced with vigour

A commercial battle lies behind soaring figures for the take up of mobile telephony

conspicuous consumption and great talkers, Italians have taken enthusiastically to mobile telephony: the "telefonino" (mobile telephone) has caught on quickly and spectacularly. It has become a standard accessory from top to bottom of the social scale, brandished on trains, buses and street corners, in restaurants and at the wheel of moving

Large scale use of mobile telephony is good news for Italy's two mobile telephone companies. And this summer Telecom Italia Mobile (TIM. the operator in which Stet, the state telecoms holding, has a 57 per cent stake) and Omnitel (the private sector, second GSM operator in which Olivetti has a 41 per cent interest) have been deluging the public with advertising and special offers aimed at boosting subscriber numbers further.

TIM had 3.7m analogue users on its books at the end of June, together with almost 0.8m GSM digital subscribers: it is expected to add a further 0.7m by year-end 1996. While TIM's incresse in subscribers will be more modest than the 72 per cent achieved during 1995, it should nevertheless be a

healthy 35 per cent. Omnitel, whose commercial operations started last December after two months of trials, had just over 0.1m subscribers when it was able to offer national roaming in March. Its numbers had risen to 0.3m by the end of June, and the company expects to be serving 0.4m by the end of this year and 1.0m at the end of 1996.

lies behind these figures. TIM has enjoyed significant advantages over its private sector rival, launching its GSM service early last April on the back of its large analogue subscriber base and over Omnitel. The state-controlled telephone company has fought tooth and nail to protect its dominant post-

mission and Italy's own competition authority unsuccess fully challenged TIM's lead, arguing in favour of a level playing field for both GSM operators.

However, while Omnitel was constructing its network from scratch, completing its first base transceiver station in June last year. TIM was building an unchallenged position in GSM. Moreover not content with its own booming business, the statecontrolled operator tried to obstruct Omnitel, contesting the legality of the private tal operations last autumn and the geographical coverage that it claimed. The eight-month lag in

competing with TIM's GSM services has been a serious handicap for Omnitel. In addition, it carries the burden of a L750bn licence fee. And while the company underlines that a L1,800bn credit facility agreed last year was 40 per cent over-subscribed, it lacks TIM's financial muscle. With almost no revenues last year, Omnitel lost L128bn. In contrast, having been spun off into a separate company in mid-July 1995, the state mobile telephony operator reported L350bn net profit on L2.845bn revenues in less

than six months. But in a booming market. even being number two brings rewards. Omnitel expects to break even in provided 1998, its third year of partners.



says that PCN will be a tech-

leap forward, offering real

potential for replacing fixed

telephony thanks to a combi-

nation of competitive tariffs

and a high signal quality

"Albacom should be the

front-runner for the third

operator's licence. The part-

ners have enormous techno-

logical knowhow, opera-

competence, and great finan-

cial strength," says Mr Liv-

Albacom lost the tusale for

the telecoms business of the

Ferrovie dello Stato (FS, Ital-

ian state railways) at the

beginning of August, how-

ever. This went to a consor-

tium of Olivetti and France

Telecom in a competition

that also involved America's

AT&T and Japan's NTT. The

FS will spin off its telecoms

assets into a separate com-

pany in which the Olivetti-

France Telecom consortium

will have a 70 per cent stake

while it will hold 30 per cent.

The big prize, however, is the third operator's licence

which could be awarded by

early next year. Meanwhile

the autumn promises ruc-tions. Stet, which controls

that will be markedly better

than GSM.

operations, and to profit from an expansion of mobile telephone services that could bring penetration to 50 per cent of the population over the next 5-7 seven years. Indeed in a recent report on Stet, TIM's parent, Lehman Brothers said it expects Omnitel to have 24 per cent of the market by the year 2000, against TIM's 68 per

third operator: Lehman Brothers forecast that a newcomer can expect to have 8 per cent of the market in 2000. That this could be an appetising morsel is undercompetition for the PCN licence at 1.8Ghz frequency, to be held this autumn, is expected to generate.

Albacom Industriali, a joint venture linking Albacom, a company in which BT has a 50.5 per cent stake and treesury-owned Banca Nazionale del Lavoro 49.5 per cent, and the Mediaset television comneny of former prime minister Silvio Berlusconi. The venture was finalised at the and of May, Albacom taking a 70 per cent interest and Mediaset 30 per cent.

Snam, the operator of Italy's national gas grid, is expected to join soon, adding its advanced communications network to the assets provided by the other three

managing director, believes that a third mobile telephony business, as well as TIM, and whose privatisation has been long promised, phone operator will have greater opportunities than will be at the centre of the the second GSM operator. He

In early August, the govfor the sale of Stat between 1. February and 31 March next year. There will be a stable hardcore group of predomi-nantly Italian shareholders, but the treasury ministry will also have special powers through ownership of a

Separation of fixed and mobile telephone services will not be allowed, although the government is seeking a limited break-up for Stet. Its Seat publishing business is to be sold separately, while Sirti (installation engineering). Finsiel (information technology) and Italtel (manufacturing) may also be sold.

The plan for privatising Italian telecoms seems a botched job. Romano Prodi's centre-left government ducked an important issue when re-appointing Stet's d-dragging too managers in June. And its piens fall short of aiming for a focused, competitive indus-

Even so, the plans are under attack from the hardleft Partito Rifondazione Comunists on whose support. the government depends: the party is committed to block telecoms privatisation. And there will be no relief from the extreme right where the neo-fascist Alleenza Nazionale considers telecoms a strategic national asset. In July the government

for establishing a telecoms regulatory authority - a precondition for privatisation and for reorganising the sec-Privatisation's opponents

announced draft legislation

will find ample scope for filibuster. Given many missed deadlines in the past, the odds are heavily against Stet's sale next spring.

Russia: by John Thomhill

A new rival steps into the game

The emergence of ity from the US Overseas a competing company could attract additional investment

In Soviet times, Russians used to joke about the country's leaders under their breath. Today they satirise New Russians, who have made a quick fortune out of the country's capitalist revolution and flaunt their wealth outrageously. The latest joke concerns that most essential accessory for every self-respecting plutocrat: a mobile telephone.

Three are New Russians sitting in a restaurant. One phone and starts talking. Not to be outdone, the sec and whispers into his lapel explaining that a miniature telephone is sewn into his suit. The third starts judder ing uncontrollably and makes chugging nois "What's wrong with you?"

his colleagues ask. "I'm receiving a fax." The liberal use of mobile hones is the most visible ien of how the strictly-controlled Soviet communities tions system has begun to be replaced by an astonishing array of collular, wireless, fibre optic and satellite telephone networks. It is estimated that the number of cellular phone subscribers in the country will expand from 100,000 at pres-

ent to 1.2m by the end of the This explosion of telease has not been only among the new flite. As Russia has re-integrated itself into the world economy, the number of international calls has rocketed. In 1993, there were just 1,000 international lines in the country. That has expanded to 45,000 today.

Russia may still be perceived as an economic and political risk. But with a argely-urbanised popula tion of 150m, Russia is emerging as one of the most interesting developing markets for some of the world's biggest telephone companies, such as Deutsche Tele-

Miles Davenport, head of US West's Moscow office, praises the ministry of telecommunications for the speed with which it has introduced regulations allowing a new generation of operators to emerge.

US West has so far mvested \$35m in eight tele-phone projects and has received a 6300m loan facilPrivate Investment Corporation to fund further develop-

"Russia is in the top five developing telephone markets for sure, maybe even in the top three," says Mr Dav-enport. "Asia has so far won most of the attention but Russia is in with a shout."

At present, the Russian elephone industry is still dominated by Rostelekom. established as an independent company after being broken out of the Russian ministry of communications in 1992. Rostelekom controls almost all the long distance and international lines in the country and has be an extremely profitable business after jacking up prices towards world levels.

In 1994, Rostelekom made pre-tax profits of \$204m on revenues of \$553m. ING Barings, the Dutch banking group, estimates that the company will have creased pre-tax profits to

\$357m last year. Rostelekom is ploughing much of this money back into updating its network and has formed a number of igint development projects with western telecoms compenies. It has just completed the second phase of a micro-wave and fibre optic trunk line reconstruction project. linking 23 population centres stretching between Moscow and Nakhodka in the far east and then across the Sea of Japan.

But the biggest debate in the Russian telephone industry, concerns how a rival company, Svyazinvest, might be allowed to develop as an alternative long-distance and international operator to attract additional investment and

stimulate competition. Svyazinvest could be one of the most exciting opportimities to arise in the global telecoms market recently, although some industry observers doubt the wisdom of allowing competition to emerge at such mis early stage in the development of the Russian telephone industry.

Most national telephone networks have been built by monopoly operators, which have channelled "superprofits" from lucrative regions into extending lines into less attractive rural areas, they suggest.

created company is just a holding company for the state's 38 per cent shareholding in 85 regional telephone operators with a valuable licence. for

long-distance and interna-

tional calls. But the longerterm intention is to use Svyazinvest as an investment platform enabling it to develop a network to compete with Rostelekom. To this end, the govern-

ment is trying to sell 25 per

cent of the company to a

he state

lagship's

1ew cours

western strategic investor this year, with a further 24 per cent to be sold to international institutional investors in the future to raise more capital for expansion. But the project has raised a vast array of regulatory, legal, financial and operational concerns which have deterred many western companies. The biggest uncer-

tainty is how Rostelekom

will react to the upstart

competition, especially con-sidering Svyazinvest will have to rely on it to route many of its calls abroad. A previous deal to sell the 25 per cent stake to Stet, the Italian telephone company, collapsed last December amid much acrimony after the two sides failed to agree

the details of the deal. Stet finally balked at paying \$630m for the 25 per cent stake and making a further \$770m of investments in developing the country's telecoms infrastructure.

Nonetheless, Stet may well be back in the picture later this year, while Deut-sche Telekom, AT&T, and some private investor groups are also believed to have expressed an interest. Alfred Kokh, the deputy

privatisation minister, said the Russian government was hopeful of reviving the project this autumn although he suggested the price would have increased from last year.

But the Russian government will have to do a better job of setting up the regulatory framework if it wants a successful sale of Syvasinvest. It will have to determine whether Svyazinvest is to be an investment holding company or an actively-managed operator and clarify issues about teriffs and competing licences.

"If the government does not address these basic regulatory issues in the next couple of months and just wants money in the treasury then it runs the risk of repeating the same flason as last year." says one telecommunications analyst.

Meanwhile, other foreign telephone companies will continue to develop their patchwork quilt of local operating networks. There is a long way to go. Russia has just 17 telephone lines 100 people compared

Some companies in the retail, banking, travel and leisure sectors lost 18.2 million customers* last year because they delivered a poor telephone response.

Are we getting through to you?

More importantly, are your customers? Because if you aren't benefiting from the up to date features which come with a modular communications platform, you can be sure they aren't.

Some 50% of customers who fall victim to badly handled calls would simply prefer to stop dealing with these companies. Poor response times, inellicient rooting and getting cut-off, are just some of the problems that you can evadicate by investing in the right solution

INDeX is that solution. No matter what size your business - no matter whether you're after PABX, keysystem or call centre and no matter what your budget,

With INDeX you can take customer service to new levels. Features like voice processing call queuing or full-blown call centre facilities will meet the needs of your customers quickly and efficiently. Also, as INDeX caters for up to 600 users and beyond, it will grow as your

No call us TODAY on 0800 282726 for further information on INDeX and to find out why this British Digital Communications platform has doubled its market share in 12 months. We promise not to cut you off, ignore the phone, put you through to the wrong extension



The UK: by Alan Cane

An abandoned merger almost created one of the world's biggest telecoms groups

It has been an extraordinary 12 months, even for the volatile and fiercely competitive UK telecoms industry. Some of the year's developments would not have seemed out of place in a TV soap opera. British Telecommunica-

tions, the UK's dominant operator, and Cable and Wireless, parent of Mercury Communications, its main competitor, came close to a merger which would have created one of the world's argest telecoms groups with a market capitalisation of geographic depth and

It would have been a unique deal: C&W would have acquired BT through a reverse takeover to sidestep regulatory problems involv-ing the C&W subsidiary Hongkong Telecom. The negotiations foundered for a multiplicity of reasons :price, regulatory and com petitive concerns and coltural differences.

The talks were partly precipitated by extraordinary boardroom goings-on at C&W. These resulted in the dismissal at the tuan of the year of both Lord Young of Graffham, the group's ebullient chairman, and James Ross, its cool and analytical

chief executive.

The two men had quarreled publicly and embarrassingly over the direction of the group. The non-executive directors acted swiftly to end the strife, asking former director Dr Brian Smith, chairman of BAA, to take

to hold the fort as acting chief executive.

The search for a new chief executive for the group ended in May with the appointment of Richard Brown, a former vice-chair-man of Ameritech, one of the larger US local phone companies and most recently president of H&R Block, a tax consultancy and owner of Compuserve, the online information, outvice.

The attention of most of the industry, however, was captured by the long-run-ning battle of words and wits between BT, led by its new chief executive, Sir Peter Bonfield, and Don Cruickshank, the telecoms regulator, over the future regulation of the industry. Many of BT's prices are

capped by a formula designed to force the former state-owned monopoly to greater efficiencies and to protect customers from undue price rises. The formula, the rate of inflation minus 7% percentage points, is reviewed every five years. Mr Cruickshank had been holding an industry-wide consultation to decide the formula to apply from the autumn of 1997 to 2001.

But early on, he indicated that he favoured tough measures - inflation minus 5-9 percentage points to apply to 60 per cent of BT prices. He also demanded powers enabling him rapidly to identify and outlaw unfair trad-BT was horrified by both

proposals. It argued that the existing formula was depressing both profitability and its share price and that the new efficiencies Mr Cruickshank was demanding were unobtainable. It warned of a "cash starved industry littered

with business failures" if the price controls were applied, pointing out that BT's competitors would find it difficult to survive on the thin profit margins left after undercutting BT's prices. It also said the fair trading proposals were unjust allowing Mr Cruicksbank to appoint himself judge, jury and executioner while BT would have no recourse to an inde-

When regulator and regusagree on such matters, the only course is a referral to the Monopolies and Margers Commission, an appopular . move as it absorbs management time and creates damaging uncertrinty in the industry. Mr Cruickshank used it for the first time this year, however, after he and BT failed to agree on who should pay for the costs involved in number portability, a customer's right to retain the same phone number when changing operator.

The MMC essentially backed the regulator, roling that BT should bear the lion's share of the costs. The judgement is likely to benefit cable companies and other telecoms operators in persuading customers to move away from BT. No clear sign emerged that

the MMC would back Mr Cruickshank on the question of BT's prices and the fair trading condition. But its views were never tested. Mr Cruickshank, who main-tained that he did not expect the issue to go to the MMC. took some of the steam out of BTs attack by setting the value of X at 4% percentage points and applying it chiefly to residential and small business users. At the eleventh hour, BT accepted the pricing formula and

after some modifications, the

important point, however, is the view of both Mr Cruickshank and BT that this will be the last phase of regulation in UK telecoms.

After 2001, it is expected that competition will be sufficiently well developed to make price control unneces sary. The Office of Telecommunications will then adopt the role of market policeman rather than regulator.

Competition continues to intensify, helped by government moves including the decision to remove the final vestiges of monopoly power from BT and Mercury with the ending of restrictions which prevented other carriers from owning and operating their own circuits for international calls.

The list of companies seeking international licences includes AT&T, the largest US long-distance operator, which is building up its UK presence, and Energis, the national operator owned by the National Grid.

Although the cable compa nies, in particular, are winning customers from BT at the rate of several tens of thousands a month. BT's market share has declined only a few percentage points in the past decade. This is largely because of its dominance in the "local loop", the connection between office or

home and the exchange. A number of companies, of which Ionica of Cambridge is the best known, are beginning to offer an alternative local connection in the form of a fixed radio link. The technology is low cost, effective and allows an operator to trade profitably with a 5 per cent market share or less. This "revolution in the local loop" could help reshape the UK telecoms

they wrong the Roy

13 to 45

Table 122 - - - 12 (12 to 12 t

And the state of the state of

Lagranger Lagher

THE THE PARTY OF THE

A series of the series of the

A design to the state of the st

Reserved to the state of the st

Harry Control of the Parish

Berger Court of the State of th

against the following the factor of

Bereit - Mandales

Tarier is how here

at the the the

A Built and the Market and

Printer of the state of the sta

Barrier to the many

many data office

A company of

the washing

Reserved to the second state of the second s

Hilliam in the manifestory

Marie Pater Statement Control

The second of the publication

The department the bear

the of the for the

A STATE OF THE PARTY OF THE PARTY OF

The Armen of the

to street made the fig. $(x_{ij},x_{ij},x_{ij},x_{ij}) = (x_{ij},x_{ij}) \frac{1}{2} \frac{1}{2} x_{ij}$

Survey Bulleting white the hardway gave

There has been been

Professional Company

 $(X, A) \mapsto (A_k \cdot k) \in \mathbb{R}$

The transfer of the first

Access of the Parent C

Note that the new words

Complete State to both it

 $(a_{n+1}-a_{n+1})=(a_{n+1}-a_{n+1})^{n+1}$

ates

and the second of the second

her ferran cophate me

pared of agreement proof

to the state of the state of

the country to be

Pin b wegen fe int fell filbeng

INTERNATIONAL TELECOMMUNICATIONS: EUROPE 7

Eastern Europe: by Kris Szaniawski

The state's grip loosens

5.727*,5*97

2,480,000

1,892,891 1,146,000

2,805,000

1,118,000

2,487,000 764,000

941,000

27,070,000

Foreign interest is picking up as privatisation schemes get under way

Strong growth, stabilising economies and improving legal structures are raising investor confidence in central and eastern Europe. Foreign direct investment in the region exceeded \$11.3bn last year, nearly double the amount in 1994, according to European Bank for Reconstruction and Development

estimates.

National operator

1. Telekom Polska 2. SPT Telecom

4. HPT Croatia

5. Rostelecom

B. BTC

Much of that foreign when it sold a majority stake investment is going into telecoms. This is not surprising as the average telephone density in eastern Europe is still only about 15 lines per 100 inhabitants, less than one third of that in the Eurorun into the millions. Hungary and the Czech Republic have led the way in the investment drive by selling

Hungary became the first east European country to yield state control of its national telecoms operator

2.12 99.81

100.77 15.74

23.00

46.50 6.00

stakes in their national oper-

ators.

2124.48

941.00

647.D8

307.00

285.23 188.26

118.24

22,052,00

Central and eastern European telephone

in Matay last December.

MagyarCom, a joint venture equally owned by Deutsche Telekom and Ameritech, paid about \$850m to the state privatisation agency for an additional 37 per cent pean Union, and waiting of Matav, giving it a major-lists for new phones often ity 67-per-cent holding. In ity 67-per-cent holding. In late 1993 Deutsche Telekom and Ameritech had already paid \$875m for a 30 per cent stake in Matav. In the Czech Republic a 27 per cent stake in the national operator, SPT Telecom, has been awarded to a consortium led by PTT Netherlands at a cost of

ranked by turnover

1995

95.03

68.21

55,93

72.75

(TPSA), probably starting stake next year. It is thought likely that the government will opt for a flotation of TPSA in combination with the sale of a stake to a stra-In Hungary and the Czech Republic, stakes in the national operators were sold solely to strategic investors, but the political climate in Poland is not thought to

Others are expected to fol-

low. The Polish government

announced this June that it

would soon begin privatising

the state-owned national car-

rier Telekomunikacja Polska

The administrations in Bulgaria, Slovakia and Slovenia have also recently announced plans to sell off minority stakes in their telecome operators, although it is not clear how much these are being driven by a need for cash and how much by a desire to implement a more

favour the sale of a signifi-

cant stake in a strategic Pol-

ish company to a foreign

liberal telecoms strategy.

While the growth potential in the fixed-line and cellular telephony sectors remains large, the problems of tapping this potential are signif-



Leading the way: the Czech Republic has been among the first to

as early as 1990, although

made little impact on the

have complained about high

interconnection fees and a

lack of co-operation from the

about to be made in the

Hungarian market, where

the two largest independent

local operators - one owned

by a subsidiary of French

ale des Eaux (CGE); and the

other by US-based company

company Compagnie Génér-

More inroads may

national operators.

market. The new licensees

the predominantly small-

A common pattern across eastern Europe has been to on the long-distance and international markets and to initially open up local services to competition -regional licences have been awarded in Hungary, Poland and the Czech Republic.

In Poland, for example, TPSA's monopoly of the long-distance market will probably be retained until 2002 and the international monopoly even longer, in Meanwhile, fixed local-net-

HTCC - signed contracts

advanced Digital European Cordless Telecommunications standard. quick solution.

These independent operators are committed to increasing their line totals by almost 20 per cent a year and so have turned to radio access technology for a

with Eriesson in July for the implementation of large

scale fixed radio access net-

According to telecoms consultants CIT, one of the biggest risks for outside investors in eastern Europe is the unpredictable behaviour of governments and state-

owned telecoms operators. For example, France Télécom and Ameritech are still seeking compensation from the Polish government after missing out on a GSM licence earlier in the year. Attracting capital through

joint ventures is an alternative to privatisation, although joint ventures have tended to be confined to projects targeted at the business community, such as digital overlav networks, satellite links and mobile services. Western financial institutions have been ready to fund these kinds of valne-added services because of the relatively quick returns than can be made on them.

Cellular joint ventures are plentiful across the region,

contributing to that sector's

to FT Mobile Communications estimates, the number Works based on the of cellular subscribers in eastern Europe grew by over 88 per cent during 1995, by comparison to about 59 per cent in western Europe. The number of subscribers now stands at about 750,000.

Average penetration levels are still low by western standards but are rising fast -Hungary now has more cellular telephone users per head than does Belgium

Users are expected to expand rapidly as more licences are granted. Most east European countries now have a cellular network based on the NMT-450 analogue standard, but a rash of more advanced GSM digital standard licences are being tition and boost service qual-

there were practically no digital cellular systems in the region, there are now 10 GSM networks in operation. Since the beginning of the year two GSM licences have been awarded in Poland and two in the Czech Republic and further GSM licence awards will soon be the Slovak Republic. A sec-ond wave of digital licences based on the DCS-1800 standard is also anticipated in

France: by David Owen

Flagship's new course

Sweeping change is on the way following the passage of two liberalising laws

The passage of two new laws has made 1996 a landmark year for telecoms in France. One allowed for the conversion of France Télécom from an arm of the state administration into a joint stock company, paving the way for the sale early next year of a first batch of the telephone operator's shares, ulatory framework for the FFr117bn (£14.81bn) telecoms market, which - like other EU mar-

kets - is to be opened to

competition in 1998. "This date will merk an unprecedented opening of the telecommunications market," says Jean-Marie Messier, chairman and chief executive of Compagnie Générale des Esux, which bopes to use the new regime to branch out into fixed telecoms markets. In a single step, the 90 per cent of the market that is inaccessible today will be opened to com-

The France Télécom reform was expected to trigger hostile reaction from trade unions worried about the effect of partial privatisation on jobs. But their pro-test fizzled in the face of government assurances that the company would continue to give its employees civil servant status, with accompanying job security rights.

until 2002 As it turned out, the government had more trouble from the opposition Socialists and Communists, who fought the plan vigorously, submitting 500 amendments and forcing prime minister Alain Juppé to resort to a special parliamentary "guillotine" procedure to push the bill enshrining it through the lower house

The reform, under which France Télécom is due to be incorporated on January 1 1997, should enable the group to seal strategic alliances and strengthen its competitive position. It should also enable it to raise funds for the massive investments required in the developing markets of telecoms and multimedia.

The government has promised to retain a 51 per cent stake in the world's fourthlargest telecoms operator in terms of 1994 turnover, with up to a further 10 per cent reserved for employees.

BZW. the UK investment bank, recently valued the group, which last year made net profits of FFr9.2bn on sales of FFr147.8bn, at FF7147bn. It said the com-pany scored well on "simple efficiency measures", such as lines per employee and labour efficiency.

It said the group had high penetration, with 56 lines per 100 population, and a fully digitalised network, future expenditure could be "geared towards expanding the range of services and increasing line usage"

ment of an independent regulatory authority, to be set up from January 1 1997. This body will supervise rules fixed by the government. which will retain the right to licence new operators from plete liberalisation takes effect. The reform makes France Télécom responsible in the first instance for a universal service, defined as providing an affordable national service with no

price discrimination based

on geography. Much of the

detail remains to be worked

interconnection charges for new operators could be a bone of contention. The government has spell out five golding principles hind its reforms: Guaranteeing a quality public service for everyone;

Guaranteeing users simple access to more services; Creating an environment favourable to the development of competition; Developing France Tele

com's competitiveness and Ensuring fair competition through the creation of an effective regulator. Ministers also hope that more jobs and cheaper calls

will result from the advent competition. Indeed France Télécom has already implemented two rounds of price cuts this year. François Fillon, telecommunications minister, recently suggested further reductions in tariffs would be made before 1998. Competition has already

started to creep into certain segments of the French market. in May, MFS Communications, a US-based telecomcompany, announced the link-up of its first corporate client to a 20km optic fibre network in the Paris sewers.

Competition is also entrenched in the buoyant mobile market, where the two established operators -France Télécom and Générale des Eaux - were this year joined by Bouygues, better known for its construction activities and interest in the TFI TV chan-

At just over 1.8m at the end of July, the number of mobile subscribers is still low in France compared with other western Euromarkets, partly pean because phones tend to be viewed as business tools, with services priced and Bouygues' arrival on May

30 with a network that operates at the 1,800MHz frequency range until recently reserved for the French defence ministry looks set to change all that. The company has described its market as "the general public", something that has been reflected in its early promotional campaign - expected to cost PFr65m between June and September and has featured the slogan "Using the telephone is becoming a sixth sense" - and in the price at which its service is being pitched. By end-July, the new network had clocked up more than 22,000

Several Moves Ahead



Ricoh thinks and plans ahead. Always one move ahead of the rest, Ricoh is the Grandmaster in office automation and the way to avoid checkmate. Ricoh offers strategic solutions: digital colour copiers that provide you with extensive copying and printing possibilities, multifunctional digital combination units that print, copy and fax and network equipment that increases the digital connectivity. In short, Ricoh can help give you the edge and ensure that you stay several moves ahead. Ricoh - your masterstroke.

RICOH's **Digital Solutions** Office Automation



Ricoh Europe B.V. Groenelaan 3, P.O. Box 114 1180 AC Amstelveen, The Netherlands Tel: +31-20-5474111 Fax: +31-20-5474154

Ricoh Business Machines Ltd. 23/F., China Overseas Building 139 Hennesy Road, Wan Chai, Hong Kong Tel: +852-2682-2888 Fax: +852-2866-1120

Ricoh Co., Ltd. 15-5, Minami-Aoyama, 1-chome Minato-ku, Tokyo 107, Japan Tel: +81-3-3479-3111 Fax: +81-3-3403-1578

Ricon Corporation 5 Dedrick Place, West Caldwell New Jersey 07006, U.S.A. Tel: +1-201-882-2000 Fax: +1-201-673-6934

The use of mobile commu-

social issue in Japan where

places such as on trains, in hotel lobbies and restau-

rants, is frowned upon. What

is more worrisome, the Japanese police found that up to

three quarters of the acci-

dents that were reported in June occurred while the

driver was trying to make or

Such concerns, however

are hardly expected to halt

the growth of the mobile

communications market.

This fiscal year, the telecoms

ministry expects the market

to grow a further 48 per cent

receive a phone call.

Technologies lead the way

While the sector trails others overall, mobile telephony has leapt ahead

In the past few years, deregulation and new technologies have supported the emergence of telecoms as one of the fastest-growing to reduce prices signifisectors of the Japanese econ-

The country's telecoms industry still trails behind the electric machinery, vehicles and electric power industries in terms of overall sales by type one carriers operators that own their own network infrastructure. Sales amounted to Y9,000bn in the year to March 1995, according to the Ministry of Posts and Telecommunica-

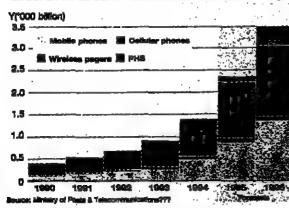
However, overall planned

cantly.

cations market grew 71 per per cent over a year ago.

which are a cheaper form of cellular phone, have also

Growth in mobile communications in Japan



scriptions reaching 2m in the first 10 months after serriers showed the strongest growth among all industries in the last fiscal year to March, 1996, climbing 27.8 vices were started. per cent to Y3,460bn, the nications tools is so widespread that it has become a

ministry points out. In particular, the mobile communications market has seen rapid growth in subscribers since deregulation was introduced and helped Japan's mobile communi-

cent to Y2,400bn in the fiscal year to March 1996, according to the Ministry of Posts and Telecommunications. Japan is now the second largest mobile phone market after the US with 13m subscribers at the end of April this year - an increase of 81 Personal handy phones,

to Y3,500bn. While the mobile market has shown spectacular growth, the fixed line market has been hampered by a lack of competition despite extensive deregulation mea-

> In particular, the lack of access rules in a market where the former national carrier, NTT, provides both local and long-distance services and dominates the local market has prevented long-distance carriers from competing effectively.

sures introduced 10 years

NTT has been able to charge its long-distance competitors high rates for access to its local network, a factor

the use of phones in public

Japan. As a result, the cost of telecommunications in many services have been kept from growing and "the average spend per head in the US [telecoms market] is 50 per cent higher than in Japan," points out Barry

Before the end of this fiscal year in March, however,

Dargan, industry analyst at

SBC Warburg.

to take a number of mea sures which will go a long way towards resolving out-

standing issues First, the government will draw up access rules based on the recommendation of an advisory panel which is due to be finalised next

The difficulty NTT's competitors have had in competing successfully with the dominant carrier has stemmed to a large extent

Long-distance carriers have had to pay out close to half their revenues in access charges to NTT.

Tokyo Telecommunication Network, a regional phone company operating in the Tokyo area, has not been able to grow its business due to its lack of the final link into customers' homes, which is dominated by NTT.

Although TTNet has an extensive network linking long-distance and local switches, without the connection to homes, either the company or subscribers were obliged to pay the cost of laying that line, which is prohibitively expensive and wasteful. NTT, meanwhile, had shown little interest in providing TTNet with the required link.

Under the threat of divestment. NTT itself declared a policy of providing open access to its network, last

TTNet plans to take e of this new policy and, in early 1998, start to provide local and long-distance phone services at rates lower than those currently charged by other operators

Long-distance and international call services will be offered by tying up with long-distance and international carriers. Kazoo Fujimori, president of TTNet was quoted last year as saying that with access to NIT's network, the company can aim to win 4m users, or 20 per cent of the Tokyo regional market in the next

However, the telecoms ministry believes NTT's stated policy will need more than the company's own private initiative to be effective. By drawing up access

rules, "we are trying to create a framework for NTT to provide open access to its [local] network that would include an incentive for, or some form of pressure on the company, to do so at low-ratis", says Eiichi Tanaka, a senior adviser to the telecome ministry.

Secondly, the government plans to deregulate the leased line market to allow each end of privately leased lines to be connected to the public network.

Deregulation of the domestic leased line market could take place as early as this annum, making it possible for companies that do not have their own lines to provide telecoms services to a general public.

At the same time, the government is working towards bringing forward deregulation of the international leased line market, which is expected to have a tremendous impact on competition in that market.

By next spring, the telecome ministry is also expected to remove barriers separating long-distance and international business, following removal of the boundary between local and long-distance markets.

The ministry plans to ask for a revision of the KDD law to allow the international carrier into the

comestic market. Until now,

Japan has been unique among industrialised countries in separating the international and domestic tele-

coms businesse The removal of that distinction is likely to prompt alliances, if not outright mergers, between international carriers, such as KDD, and long-distance carriers, such as Japan Telecom, which in turn will help to realise lower rates, says Mr Datgen

By the end of the year, a government decision is also expected on the status of NTT. This is a major issue that has been left undecided in spite of the recommendation by a government advisory panel that NTT should be broken up into a long-distance company and local carriers to stimulate

competition. As these decisions take shaps, they are expected to usher in important changes to Japan's telecoms industry. A decision on NTT's status, for example, will give foreign carriers looking for a Japanese partner a more solid basis upon which to base their decisions. Japanese carriers that do not know what kind of carrier they will be competing with in a few years time will have a better idea of their compet-

Japanese carriers will also have a clearer idea of their priorities concerning overseas markets and alliances at home. The next few months will be crucial in laying the foundations for an extensive restructuring of Japan's telecoms industry.

itive environment.

■ Tahwan: by Kris Szaniawski

Asian tiger sharpens its claws

Partly as a result of international pressure, the state Organisation. is liberalising its telecoms industry

Having lagged behind its neighbours in recent years, Taiwan took a hig step for-ward at the beginning of this year by legislating to open up its telecoms market. In a bid to extend its position as a regional business hub Taiwan is putting the finishing touches to a series of tenders which which will deregulate telecoms in this tiger economy, The monopoly on switched

voice traffic will probably remain in place until 1998 but the liberalisation of other fixed traffic markets, such as data, is expected by the middle of next year and all mobile services are in the process of being deregulated. Foreign investors are lining up to bid for a total of eight new cellular licences. eight paging licences and up to 30 licences for other wireless services. In this feeding frenty the cellular licences are attracting the greatest Interest.

The tender details have yet to be finalised. In the latest development, the Taiwanese government bowed to lobbying from Washington by deciding to raise the threshold of foreign ownership in domestic telecoma ventures to 49 per cent rather than the 20 per cent \$4,000. that it had proposed in May. The Taiwanese are open to

pressure as they are depen-dent on US backing in their bid to join the World Trade

Powerful US companies which are among the foreign companies planning to bid for the lucrative digital callular licences - such as AT&T, AirTouch, South Western Bell, Sprint and Nynex - are also lobbying their government to exert pressure on the Taiwanese authorities to drop the 11.5 per cent profits calling that it proposes to impose on all coms joint ventures.

The foreign ownership barrier may in any case prove not to be a limitation as the Taiwanese government has suggested that it will give it as favourable an interpretation as possible by extending the definition of what constiintes a local company. Although Taiwanese inves-

tors will still dominate the various consortia bidding for cellular licences the new telecoms market will be far from the state-owned telecome monopoly that existed until recently. With cellular penetration

currently standing at a mere 3.5 per cent by comparison with about 12 per cent in Hong Kong, the Taiwanese have a lot of catching up to do with equivalent economies. With a per capita gross domestic product of about \$12,000, Taiwan has a cellular penetration lower than Malaysia's, which has a per capita GDP of only about

The waiting list for the corrent GSM cellular service operated by the PTT may be as high as 400,000, illustrating the extent of pent-up demand and the opportunities awaiting new operators. Expansion has been held back by slow infrastructure roll-out and inadequate

As the national operator had attracted 170,000 customers by the beginning of this was only launched in early 1995, and is currently attracting as many as 40,000 net new GSM subscribers each month, this would suggest that customers are out there for the taking.

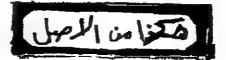
The total cellular market including analogue subscribers - was about 770,000strong at the beginning of the year and some analysts expect to grow to 4m by the

end of the decade. The government has chosen the GSM and DCS-1800 European-originated digital technologies for the eight cellular licences. Three regional GSM and three regional DCS-1800 licences will be awarded possibly before the end of the year, as well as one or two national DCS-1800 licences. It is not yet clear if one of the national DCS-1800 licences will go to the state-run

national operator. The state-run national operator, Directorate General of Telecommunications. is being restructured as the corporate Chung Hwa Telecommunications, probably as the first step towards selling bits off to outside inves-

tors.









The bamboo superhighway

Beijing plans to spend much of its telecoms budget on laying fibre optic cable

Extraordinary growth in cellular mobile phone ownership in China is just one aspect of an explosion in the telecommunications sector which includes the spread of telephone services, availability of cable, plans for an information superhighway and increasing resort to use of satellite communications.

Under China's Ninth Five Year Plan (1996-2000) the country plans to spend Ynō00bn (\$61.7bn) on its telecoms by 2000, about two-thirds of which will go to building exchanges and laying 300,000km of fibre optic cable. The Chinese have set themselves the ambitious target of adding 64m new subscribers to the present 41m. Exchange capacity would double to 170m lines.

phone density rates will rise from 4.66 per 100 people at the end of 1995 to 10.5. In the cities, the figure will increase from the present 13 sets per 100 to between 30-40. That rate of increase for a country with a population of 1.2bn would involve adding the equivalent of balf the number of UK lines each year to China's capacity.

Wu Jichuan, minister of posts and telecommunications, said recently that investment in China's telecoms would continue to grow at a rate of about 40 per cent annually to the year 2000 - an extraordinarily high growth rate by any

Plans involve constructing eight horizontal and eight vertical trunk lines covering the whole country. Extension of telecommunications

China's hinterland has become a priority under the latest five year plan which aims to redress development imbalances between regions.

Funding for this ambitious programme will come equally from installation fees for the 15m new lines added annually, from high rates of depreciation on the MPT's assets which total about Yn260bn and from

These include commercial banks loans, assistance from international lending institutions such as the World Bank and credit guaranteetype funding through institutions such as the Export. Credits Guarantee Department, the UK credit agency, Coface of France and Hermes of Germany.

Mr Wu defended China's decision to exclude, for the time being, foreign companies from involvement in the actual operations of China's, presently has most subscribtelecommunications system, eaying conditions were not yet right. But he hoped that by 2020 the Asian Pacific Economic Co-operation (APEC) forum target of open telecommunications throughout the region could.

be met. "In China we are trying our best to make conditions right so that foreigners can take part in operations of. telecommunications. We'll, do our best to make conditions right to comply with

APEC," he said. Mr Wu said one of the constraints on foreign participstion was the fact that for-eigners would only be interested in the eastern. areas where demand was concentrated, and would have little interest in the sparsely-populated western

regions. But he added that foreigners were not prevented from being involved in the actual construction of networks "in ways acceptable to both sides". Foreign companies were not precluded from equity investment in such ventures with a "fixed rate of return".

One area which has been eyed covetously by interna-tional telecoms glants is the callular phone sector. This is not surprising given the extremely rapid spread of mobile phones. The official China Daily reported recently that China Telecom, a subsidiary of the ministry of posts and telecommunications, was to poised to become the world's largest mobile phone operator

within a year. At the end of 1995 China Telecom had 3.6m customers. By June, that number had risen to 5.1m, and is expected to reach 7m by the end of the year. At that point, China Telecom will have passed AT&T which

Indeed, such is demand for cellular phones that the authorities are considering

shifting emphasis from developing urban fixed line telephone networks to expanding the mobile network instead.

Foreign companies, including Motorola of the US, Nokia of Finland and Ericsson of Sweden are producing mobile phones in China. Motorola plans to invest \$2hn by the year 2000, producing communications equipment, including cellular phones and pagers. The number of pagers in use in China reached some 20m at the end of last year, making China the world's largest pagar market. China is also looking well

beyond 2000. The MPT is forecasting that by the year 2010, 420m lines would be available, more than double numbers at the end of the century. In addition, a broadband integrated digital network" would be in place to provide interactive multimedia services in the cities and coastal régions ~ China's version of the super-

"Three Goldens" projects, consisting of the Golden Bridge, Golden Customs and Golden Card. The Golden "superhighway" communica-

tions between ministries. state organisations and companies; the Golden Customs project will upgrade radically customs service communications to facilitate clearance of goods; and the Golden Card project is aimed at developing China's credit and debt card systems.

China is also plunging heavily into the development of its cable networks. In 1990, the country's subscribers to cable totalled 18mhouseholds. At the end of July this year numbers of subscribers had swelled to 45m out of a television-owning population of about 250m households.

By 2000 that figure is expected to reach 80m, making China easily the biggest cable television market in the world. In China's tele-China is now constructing aky, it seems, is the limit.

India: by Eden Zoller

Rich returns for patient investors

Despite its potential, red tape and swings in policy deter many operators

For foreign investors, the Indian telecoms market is a tantalising one. Its potential is huge, with expectations that revenues generated will reach about Rs350bn (\$10bn) by 2000. And with the country's penetration rates and service standards some of the lowest in the world, the government - determined to upgrade the sector but with a limited budget - is turning to overseas investment. But foreign operators finding the licensing procedure marred by red tape, political infight-ing and changes in policy, have become disillusioned and some - BT, for example - have pulled out of the race

With a population of almost 1bn, India has only 12.9m installed lines, the penetration rate for fixed services is an extremely low 1.3 lines per 100 people, and in spite of installing a record 1.7m lines last year the government cannot keep up with demand. The waiting list is between 2.5 and 3m.

The government aims to increase the penetration rate to six lines per 100 people and to provide at least one telephone in all of India's 600,000 villages.

Cellular services, introduced in India only in 1994, are limited to two GSM networks in each of the country's major cities: Delhi, mbay, Madras and Calcutta. The GSM operators are all joint ventures between local groups and foreign investors, and unlike the market for fixed services, the callular market is closed to the national opera-

liberalise fixed services and further open up the cellular market last spring, when it carved the country into 21 regional licensing zones and issued tenders for two cellular licences in each zone and line services in each zone. Concessions are classed according to the relative attractiveness of an area in terms of business potential. Five top ranked class A

licences cover Andhra Prad-

esh, Gujarat, Maharashtra,

Tamil Nadu and Karnataka.

Class B licence areas are

Haryana, Kerala, Madhya

Pradesh, Punjah, Rajasthan,

Uttar Predesh East, Uttar

The government moved to

Pradesh West and West Ben-

Class C licence areas are Assam, Bihar, Himachal Pradesh, the North East and Orissa. Bids have been placed in all areas except the Andaman and Nicobar Islands and the conflict-riddled state of Jammu and Kashmir.

Foreign companies have been allowed to enter the market via joint ventures in which they can hold up to 49 per cent. Tenders attracted US and European heavy-weights including Stet of Bell Canada, Nynex, US West, Moscow Telecom and Bezeg of Israel.

However, the tender process was thrown into disarray last November when, after the first round of bidding was completed, the government abruptly announced that it would place a cap on the number of licences any one operator could hold.

A single operator can only hold three licences in the grade A and B circles, although there is no limit on the less attractive C circles. On the cellular side, the US West-BPL and the Modicom alliance were forced to give up some of the licences

for which they were originally in line. The cap caused an outcry among bidders and provoked the opposition party to accuse the government of imposing the limit to prevent one of the bidders from making a mockery of its policy of using private investors to fuel the development of

basic services. The bidder in question was the alliance of local group Himachal Futuristic Communications Limited (HFCL) and Israeli national carrier Bezeq. The HFCL-Bezeq alliance bid much higher than any of its rivals and was in line to scoop up nine of the II licences for basic services HFCL-Bezeq bid \$26.58bn for the nine licences, and there was concern that the group would be unable to fund the development of services in all nine franchises. A failure embarrassing for the government, robbing local people of the services they had been

promised. The cellular licences for the 18 zones where bids were placed was settled in January, but the award of the licences for flxed-line services was not resolved until the spring. The tender for basic services was not only hit by the imposition of a

introduction of a reserve price after the second round of bidding.

Groups such as US West BPL and AT&T Birls were so disenchanted that they simply dropped out altogether. The reserve prices were con-troversial, particularly as it was unclear exactly how they had been calculated. US West argued that reserve prices were too high, and could not be justified given the amount of investment needed and the likely returns.

In the event, the second round of bidding saw a marked decline in enthus asm with only six bids placed and nine regions failing to attract a single offer. The lack of interest in the nine regions made a third round of bidding necessary and forced the government to reduce the reserve prices to attract interest.

Although the regional licences for basic services have all been awarded, the dust has not yet settled on what was a confused epi-

The operators are now trying to thrush out acceptable interconnection rates for access to the national network, a process proving so problematic that the opera-tors have successfully lobbied for a six week extention to the original July 31 deadline for deciding the matter.

However, the signs are that once the parameters have been mapped out prog ress will be rapid. The cellular operators are moving quickly and most have aiready placed orders for network infrastructure.

Fixed-line operators could be as quick off the mark once interconnection rates have been established.

in addition, in spite of the hurdles, India's ambitious telecoms liberalisation policy has generated market reforms in a short space of time. For example, while the country's first cellular services were introduced in four cities in only 1994, by the end of last year together they had about 60,000 sub-

Merchant bank Salomon Brothers reckons that the new wave of entrants to the celiular market will swell the customer base to 3m by 2000, generating revenues of up to \$3bn. For those prepared to face the hurdles, the overall picture is more positive still, with total telecoms revenues expected to climb from \$2.7bn at the end of 1995 to \$10bn by 2000.



■ Pakistan: by Farhan Bokharl

out mixed signals

The market's prospects have been dogged by delays in selling state-run PTCL

Two contrasting images define Pakistan's telecom sector. One is the vision of a huge market with opportunities for expansion. But this optimistic picture is set against growing concerns over the country's failed efforts to begin the privatisation of the Pakistan Telecommunications Corporation (PTCL), the monopoly telephone company, since the government first decided to privatise it more than four years ago.

The delay has been caused by a variety of reasons including security concerns. pricing of the company and political uncertainty which has dampened investor interest. Many potential investors, therefore, may have good reason to believe that Pakistan is in no rush to priatise the sector and open it up to foreign or domestic

investment. The mittal two-year delay was caused by objections from the country's defence forces who argued that the takeover of the PTCL by a private management would harm security interests.

The government subsequently gave assurances

that part of the money raised from the sale would be used to set up an alternative "secure" telephone network for the use of government and defence officials. However, despite such assurances, worries continued and were added to by concerns the sale of PTCL would not raise enough money.

More recently, worsening political and economic trends in Pakistan have added to anxieties among officials and businessmen. many of whom believe plans to privatise the PTCL may suffer further delay. "You have growing anxi-

eties over the political future of prime minister Benazir Bhutto's government and you have worries over the country's economic trends. The combination of these two may hurt the chances of PTCL's privation," says a senior western economist in Islamabad.

In recent weeks, however, many officials have drawn comfort from reports that a newly emerging Dutch-Indonesian-Pakistan consortium may enter the race and offer up to \$2bn for 25 per cent of the company's shares. The government wants to sell the 26 per cent stock to an individual private investor or a consortium along with a transfer of the company's management.

The government's privati-

bad announced that Setlawan Djody, chairman of Stedeo group of Indonesia, J.B. Volbeda, president of PTT Telecom Netherlands, and representatives of Shaheen foundation, a newly emerging Pakistani business group, verbally expressed interest in bidding for PTCL after discussions with government officials.

In a separate announcement, Shaheen foundation said, the consortium could offer up to \$2bn to buy the 26 per cent shares. That announcement helped to triggered by earlier reports that AT&T had decided not to put in an offer after reviewing PTCL's performance and growth pros-

This July, PTCL announced that its annual revenues for the year to July 1995-June 1996 had exceeded a target of Rs35bn (\$978m). but did not indicate by what margin.

The company has set itself an ambitious revenue target of Rs44bn for the current fiscal year ending in June next year. The company has so far not given a figure for its pre-tax profits for the last fiscal year though many analysts say that it would be 7 to 12 per cent higher than the previous year when pretax profits were Rs16.835hn. Prospective investors have

been promised measures

ued profits. The contract for Bukhari and company, a the 26 per cent share privatisation would include clauses committing a seven-year monopoly on rights to pro-vide basic telephone services in Pakistan as well as a 25year renewable licence to provide a full range of telephone services. The company also says

that its prospects for growth remain attractive. PTCL has so far provided connections to 2.48m subscribers and still has capacity to serve another 670,000. Recent expansion in PTCL's capacity has raised the average availability of telephones to Pakistani subscribers to 1.76 phones per 100 people up from fewer than 1 per 100 in The company has also

recently taken steps to modernise its services, with moves such as the introduction of on-line Internet access for subscribers and a facility allowing companies to connect to national ninedigit universal access numbers, similar to the 800 service in North America. Some analysts are positive

on PTCL's growth prospects. Aaliya Dossa, analyst at Crosby securities' offices in Karachi says: "In such a large country where there is growing demand, you'll see the PTCL making more money in the future". Nasir Bukhari, head of

which would ensure contin- Karachi's Khadim Ali Shah large brokerage firm says: "In spite of the uncertainty, PTCL's privatisation is bound to get going in the next few months." However, he adds, the pricing may remain an issue because prospective buyers are likely to make bids which are lower than those envisaged by the government. The governannounced how much it wants for the 26 per cent share.

Many other analysts say conditions in Pakistan's leading stock market in Karachi may be crucial to the PTCL's future. Ten per cent of the PTCL's shares were placed on the markets in Pakistan and overseas. two years ago, when the government decided to sell part of the company's equity prior to a takeover by a private management.

The share prices have fallen by more than 40 per cent from their peak, largely due to political and economic uncertainty in Pakistan, which has pushed down the stock market's index. Many analysts say that a

dispute over the pricing may be triggered if prospective buyers use current share prices to assess the value of the stake while the government may expect to sell



Low penetration; with a population of almost 1bn, India has only 12.9m installed lines

telephone.

(ALSO transistor, laser, Telstar satellite, fibre-optic cable, cellular).

Have won awards. (Nobel etc)

Specialise in making things that make communications work. Will do same for you.

Contact Lucent Technologies

(the former network systems, business communications systems and microelectronics divisions of AT&T, plus Bell Labs).

Call our European Response Centre on +44 1734 324 255. Or explore Lucent Technologies on the World Wide Web at http://www.lucent.com



Metwork

©1996 Lucent Technologies.

■ The US: by Richard Waters

Fortunes for the taking

GTE complained.

to achieve.

bitterly.

Not that the FCC's rules

ing to the agency's calcula-

tions, local companies will

have to resell calling capac-

ity at a discount of between

17-25 per cent - well below

the sort of discounts some

Things are likely to

become even more conten-

tions in the months sheed.

The FCC has yet to rule on the future for access charges

the fees that long-distance

companies pay to local ones to have their calls com-

pleted. These fees amount to

a \$20bn-e-year subsidy to the

local phone industry, and

are likely to be fought over

Not everyone is unhappy,

however. Bernard Ebbers,

chairman of WorldCom, the

country's fourth biggest

long-distance carrier, recently declared the FCCs

August ruling to be "abso-

lutely fabulous". His com-ments came as WorldCom

announced an all-stock

acquisition, worth \$12bo, of

Deregulation is likely to create huge openings for the telephone industry

Since the starting gun went off on August 8, there have been some clear pointers as to how the deregulation of the US's \$100bn local telephone industry is likely to proceed. And, for those who are fleet of foot, the opportunities to make new fortunes in the telecommunications industry could be huge.

The opening of the country's local markets, which had been reserved to the regional bell operating com-panies (or Baby Bells) since the break-up of the old AT&T, was set in train by the passage of the Telecommunications Act in Febru-

entres Mana

 $s\not\equiv$

11 M

ds

It took the Federal Com-It took the Federal Com-munications Commission's brings with it a whole new interconnection rules in set of regulations, she added. August, however, to establish a procedure for achieving this - and, later, the entry of the Baby Bells into the long-distance market.

the process will be more convoluted and take longer than tions from going ahead. was expected at the time the Act was passed. Competition will depend, at least in the short term, on local companies reselling calling capacity, or the use of individual pieces of their networks such as switches, to their new rivals

That will lead to complex negotiations in the coming months - and the FCC's overarching, 668-page guide-lines, which are intended to set a framework for the

The Federal agency's interpretation of its statu-tory responsibilities to bring about deregulation has won it little support, and many critics. According to Jennifer Taylor, head of US telecoms consulting at Price Waterhouse, the order betrays the agency's "instinct to regulate". Its detailed framework.

By the end of August, the order had drawn its first legal challenge, GTE, which alongside the Baby Bells operates local telephone net-Already, it appears that works, had filed a lawsuit

The changing shape of US telecor

sation of the biggest comp

20.

MFS, which operates local networks in the US and Another of the industry's leading managers was also prompted to action in the days following the FCC rule-making. Alex Mandl, the heir apparent at AT&T, resigned to join a start-up company, Associated Communications. The company aims to compete in some of the Baby Bells' biggest markets by offering a wireless local communications ser-

The actions of both Mr

seeking to block the regula-Ebbers and Mr Mandl point to a belief that, now that the local market is opening, They would require it to sell the use of its network to companies that can move competitors at below cost, quickly stand to benefit the

Neither will have to await have made the long-distance carriers any happier. Accordthe outcome of intercorner tion agreements, access charge reform or other regulatory actions to launch their assault on local markets. Both have also targetted the high-margin business market in big cities. companies had been hoping

WorldCom's purchase of MFS - which itself recently paid \$2.5bn for UUNet, an Internet access company also reflects a belief that those companies which own their own facilities will earn the fattest profit margins.

"By our calculation, you can't make a buck," by reselling local services at the discounts proposed by the FCC, said James Crowe. Also, he adds, companies which have to rent switches or network facilities from their competitors will make an anaemic return at best". For others, meanwhile, the

months - and perhaps years - of gradual deregulation will require a careful balancing act. On the one hand, says Ms Taylor at Price Waterhouse, it will mean continuing to live in a regulated world - the parapher-nalia of "costing rules, check lists, line-item regulations' put in place by the FCC.

On the other, it will mean acting aggressively to develop new products and attack new markets in those areas where regulation is lightest. That includes developing wireless and Internet ACCRES AUTVICES.

The long-distance carrier MCI, for instance, agreed last month to buy calling capacity from the wireless communications operator NextWave over the next 10



years. NextWave is set to be one of the largest operators of PCS networks, a wireless technology which many expect to be cheaper and of higher quality than cellular, though PCS signals do not cerry as far.

In some instances, says Whitey Bluestein, vice-presi-dent for wireless strategy and development at MCI, PCS could be used to provide a local service, rather than the traditional land-line, offering another way for the long-distance company to enter the local market. MCI has itself been build-

ing local networks in some

of fronts, as the companies with an eye on the local telephone market seek for the best - and most profitable way to reach the Baby Belis'

It may arrive in fits and starts, but competition is undoubtedly coming.

US cities under the MCIme-

tro banner, providing it with

direct access to some big

customers. It also expects to

become a reseller of the Baby Bells' calling time, and

to rent pieces of their net-

local services.
All this points to a period

of competition on a number

works to construct its own

Proceeding at a gentle pace

Caution is the key for a Mexican government keen to give Telmex breathing space

Change is rumbling through Mexico's telecommunications industry, with important sectors opening up to competition or being put up for sale. But although the scope of the transformation is wide, its pace is relatively slow. Initially, Teléfonos de Mexico (Telmex), the country's former monopoly carrier, may be less affected by competition than first appearances might have suggested.

The company has long been one of the most impressive cash-generators in Mexico. After privatisation in 1991, Telmex reaped massive profits in spite of a poor public image, profits which contributed to \$11bn of investment over five years. Now things seem very dif-

ferent. The country's \$3bn long-distance market, traditionally the main source of Telmex's profits, has been open to competition since August 11 this year. Both Telmex and two start-up rivals, Avantel and Alestra, have begun to promote themselves in massive advertising campaigns although so far only a handful of consumers can choose between carriers for ordinary calls - and other, smaller rivals are waiting in

For their part, a clutch of smaller companies are likely to operate by leasing excess capacity from Telmex or another of the big players. The pace of competition in

local telephony is also slower than some might like - an area where Telmex has no legal monopoly, but where its low rates have, to date, deterred rivals from beginning operations. The government is keen

that local charges increase only slowly and has taken pains to ensure that other income - such as fees paid to Telmex for handling incoming international calls - compensates for a gentler rate of change to local tar-

However, local services may become more attractive with new, cheaper technology such as fixed wireless systems, which avoid the costly laying of telephone lines. The sale of a part of the radio-electric spectrum for local services is scheduled for later this year.

Just before taking office. Carlos Casasús, president of Mexico's Telecommunications Commission, said: "My impression is that the new technologies will allow very different economies for companies."

The commission is the government agency entrusted with the regulation of the sector. Mr Casa-sûs added: "Fixed wireless services will not require much forward investment. So, by the middle or the end of 1997, local prices abould

■ Canada: by Bernard Simon

begins with a war of words

In the fight for market share, protagonists are wheeling and dealing to seek maximum advantage:

Canada's phone companies and cable-television operators are warily circling and sizing up each other before they risk a full assault on the enemy stronghold.

This "phoney war" has been marked by a berrage of publicity from each side trumpeting its own innovative flair and painting a brilliant picture of its future success, while at the same time accusing the other side of holding an unfair advantage.

But the real battle has yet to commence. Frank Koelsch, vicechairman of Gartner Group Canada, an information technology consultancy, notes that "the reality of implementation is that you have to choose technology, choose services and commit to spending large sums of money".

Few operators are yet ready to do that. The priorities up to now have been to get the best possible deal from regulators, mount limited trials of new technologies and sort out internal problems.

Typical of this preparatory difficult at this stage. Each side phase was an announcement in has strongths and weaknesses.

The trials are due to start in the second half of 1997.

Bell Canada, the higgest phone company, has set up an Internet access provider known as Sympatico. Bell will offer the Sympatico service as part of tests in two Quebec and Ontario towns, starting this mouth, using Asymetric Digital Subscriber Line (ADSL) technology. ADSL can download data to a personal computer 100 times faster than a conventional 14,480 band modein without interfering

with telephone calls. Several cable companies have begun offering similar high-speed services on a trial basis. Rogers Cablesystems, the biggest cable operator, has signed up 600 customers since it started its Rogers WAVE service in Newmarket, north of Toronto. last November. It says the service, which is claimed to be cheaper and faster than anything the phone companies can offer, will be extended to

other centres later this year. Identifying winners and losers is

privatised phone company, outlining plans to build a small fibre-optic network that will offer allocated areas, have the advantigh-speed internst access, video games and television to 3,400 in the content of the cont on ber cent of homes have access to cable, one of the highest penetrations in the

> The provincial phone compar led by Bell (which operates in Ontarie and Quebec), have greater financial muscle. They have also proved unexpectedly agile in fending off competition in the long-distance market since regulatory curbs were lifted in 1992.

The phone companies retain a stranglehold on local services, giving them access to comprehensive marketing data that potential rivals drool over. But their coppercable networks generally require costly upgrading to cater for broadband multimedia services.

The federal cabinet opened the door to head-to-head competition in August. John Manley, industry minister, said: "The objective of the exercise is to provide choice, to produce technological innovation and to bring about lower prices for

However, a number of technical and commercial hurdles need to be crossed before consumers resp the

and Telecommunications Commission (CRTC) recently began hear-

a labyrinth rules where long-distance calls subsidise local services, business users support residential services, and urban subscribers substities rural networks. Canadian households are still pampered by a low monthly charge and an unlimited number of free local calls.

Cable operators and new long-distance carriers have thus hesitated to move into the phone companies' strongholds. On the other hand, the phone companies want to prevent new entrants from "cherry-picking" the most lucrative parts of their business. The charges to be paid by newcomers for access to phone companies local networks are among other rtious topics to be considered

Some analysts predict high initial investment costs will inhibit each side from mounting 2 full-scale assault on the other for some time. "The real issue is who is in the better position to provide high-speed Internet services," says John Henderson, analyst at ScotiaMcLeod. a Toronto securities firm. In spite of their public bra-

by the CRTC.

"We'd like to bundle local serings to lay the ground rules for competition in local phone service. At present, the market is a regu-address for each of your kids, and price," John McLennan, Bell Canada's chief executive, said in a recent speech. But he added that Bell would stop short of plunging into the content business, relying instead on partnerships with providers. Such corporate deal-making, in the form of mergers, acquisitions, disposals and alliances, is likely to share the limelight with the battle over technology and regulation over the next few years.

Rogers, which just a few years ago harboured ambitions of being a diversified multimedia company, is in the process of selling its con-trolling stake in Toronto Sun Publishing, a newspaper chain. Simi-larly, Fundy Cable, based in New Brunswick, recently put its radio stations on the block so it could focus its resources on cable. Some pruning has also taken place among the horde of companies that rushed into the newly-deregulated, long-distance market four years ago.

More such wheeling and dealing is certain as each protagonist seeks maximum advantage for the battle ahead.

SEVERAL ALTERNATIVE TELECOMMUNICATIONS PROVIDERS HAVE PROBABLY ENTERED THE MARKET SINCE WE'VE BEEN WAITING HERE



be fully fledged for some time to come. Mexico's cautious government has shaped a regulatory set-up in which competition is phased in and the various companies' margin of manoguvre has been reduced.

Not until January 1 1997 will Telmex be obliged to connect its competitors to its own local exchanges - and hence to home phones. More time will elapse before ordinary users can sign on to one of the new carriers. Only in April, for example, will inhabitants of Mexico City be able to select a new telecome company as their default carrier, and not until June will the process be

complete. Only months later will customers be able to choose a different carrier with every call. Officials believe that an emphasis on such "direct dialling" pushed rates down when Chile liberalised its own long-distance sector two

years ago. The government argues that a gradual pace of change will help Mexico avoid similar upsets, while keeping the sector open to qualified companies planning to invest in telecommunications. But the regulatory set-up will also delay the challenge to Telmex. Most start-up companies will wait until 1997 before offering services, although Avantel, a joint venture between MCI and Mexican bank Banamex, is already installing private lines to connect select corporate clients to its recently built 5,800km fibre-optic net-

Alestra another significant participant, bringing together AT&T, GTE, Telefónica Internacional of Spain and Mexican conglomerates Grupo Alfa and Grupo Visa, is also building its own fibreoptic network, of which well over 1,000km has already been constructed. The group will market its services under AT&T's name.

Ricardo Peon, head of research at Deutsche Morgan Grenfell in Mexico City, said: "Competition is likely to be more orderly than in Chile, partly because you have two very serious and deep-pocketed participants among the competitors."

But competition will not be attractive to operators with new technologie A similar auction for a concession to operate Personal Communications Services (PCS) is also planned for this year, with more radio-electric spectrum sales

scheduled for next year. By providing a cheaper alternative to traditional mobile phones, the PCS sale may breathe life into Mexico's cellular market, which has been troubled by the weak state of the economy since the peso devaluation.

Up to now, the two companies in the sector, Telcel, a Telmex subsidiary, and Iusacell, have sought to win customers by offering cheap prepayment schemes, with Telcel snatching market

However, some analysts are sceptical about the capacity of fixed wireless or PCS to revitalise their respective markets.

"These technologies have not been tested on a mass scale and a number of hitches could occur." said Rizwan Ali, an analyst at Bear, Stearns in New York. Indeed, the effect on Telmex of the future local and long-distance competition may be smaller than expected in the medium term.

"Telmex's international long-distance service will clearly have to reduce margins in the future." said Mr Casasús, adding that "the company's numbers will be helped by the tariff rebalancing programme and continue to be very attractive".

Telmex's profitability and that of its rivals - will largely depend on whether moderate price reductions generate much traffic. Another crucial factor will be the Mexican economy as a whole, which shrank by more than 6 per cent in 1995, but may grow by up to 4 per cent this year.

In the longer term, the future of Mexico's telecoms companies, both old and new, will hang on the regulations introduced in the next couple of years. In a country where, for the first half of the decade, the long-distance market grew seven times faster than the economy as a whole, there is much still to play for.

Brazil: by Jonathan Wheatley

Network in line for a shake-up

The government is embarking on an extensive privatisation programme For the millions in Brazil

who have been waiting years for a telephone line, Sérgio Motta, communications minister, has a message of hope. In a series of high-profile statements, he has assured the country that its entire telephone system, including conventional, cellular and

satellite services - with the possible exception of long-distance telephony will be transferred to the private sector by the end of 1998. While many regard this as overly ambitious, Mr Motta has removed any doubt that the privatisation of Brazilian telecoms is irreversible.

There will be much to keep the system's new owners busy. Demand for serl vices far exceeds supply. Telesp, the operating company in São Paulo state, recently offered 2.6m lines for sale to new and existing subscribers. It received requests for 5.25m; successful applicants chosen in a draw will pay \$1,100 in advance and wait up to 30 months for installation. These are the first new lines

1994. Telephone lines change bands on São Paulo's "parallel" market for up to \$5,000 Telesp is one of 26 local companies controlled by holding company; Telebrás, together with the

long-distance operator, Embratel. Once a model of state enterprise, the system has suffered from under investment for years. The ministry says \$32bn must be spent by the end of 1998 to increase the number of lines per 100 inhabitants from 8.5 to 15. With the government struggling to keep public spending under control, much of this will have to come from the private sec-

The first private investments will come with the sale of concessions to operate "B band" cellular services, expected early next year. These will compete with "A band" services already offered by the state companies. The sale model is expected to be finalised by October, following public discussion of the ministry's

proposals. It is likely that the country will be divided into 10 "B band" concession areas: six in the prosperous south and east and four in the less developed centre, north and north-east. Under the minis-

one concession in each of the and Splice, a maker of tele-

The existing "A band" services may be sold next year. Privatisation of conventional telephony will probably follow later, although the government may decide to sell the state companies and their cellular concessions at the same time. Before the

Brazilian tariffs are now closer to the regional averages

local operators are sold, the ministry plans to rebundle them into four or five new companies covering the whole county.

About two dozen consortia, mostly formed by international operators in alliances with local banks and entrepreneurs, are preparing to take part in the various ages of privatisation. US operator AT&T has

formed a joint venture with Globopar, the investment arm of Brazil's biggest media group, and the country's big- and sale of the operating gest private bank, Bradesco. GTE has signed a memoran-

communications equipment; Bell South has a long-standing agreement with Brazilian bank Safra and media group OESP. Other international opera-

tors and equipment makers have announced or are considering similar alliances; they include Nynex, Air Touch, Southwestern Bell, US West, Hughes and Motorote of the US, Stet of Italy, Telefonica of Spain, France Télécom, Alcatel and Globalstar of France, Swiss Telecom, Deutsche Telekom, and Cable & Wireless of the UK.

The sale of the "B band" concessions will offer them attractive potential earnings. Existing subscribers in \$30 Paulo pay average monthly hills of about \$100, compared with about \$70 in the US. Brazil has less than 2m cellular telephones; the government hopes this will rise to 17m by 2003. Demand is strong: more than 1m would be subscribers are on waiting lists and many companies have stopped taking

new orders. Many investors, though, are looking further ahead, to the "A band" concessions companies themselves. In

Telesp has offered since July fry's plan, operators would dum of understanding with ministry must strike a balit cost operating companies 1994. Telephone lines change be allowed a maximum of Brazilian bank Itamaraty ance between providing the more than they collected to best and cheapest service to the consumer, which would imply selling the companies quickly and exposing them to the rigours of the market, and avoiding accusations of selling public property too The companies are likely

to be given a good chance to prepare themselves; indeed, this is already happening. The presidencies of Telebras and its subsidiaries used to he treated as instruments of political patronage. Recent appointments have almost all gone to career profession-

The has already produced impressive earnings increases at Telebras and at the operating companies. Telebrás' shares have been the darlings of Brazil's stock markets this year, as consolidated earnings rose to R\$1.34bn (\$1.33bn) in the first half, from R\$308m in the first six months of 1996. Although professional management has played a

big part in this, much of the credit for the system's camings must go to tariff increases introduced at the end of last year.

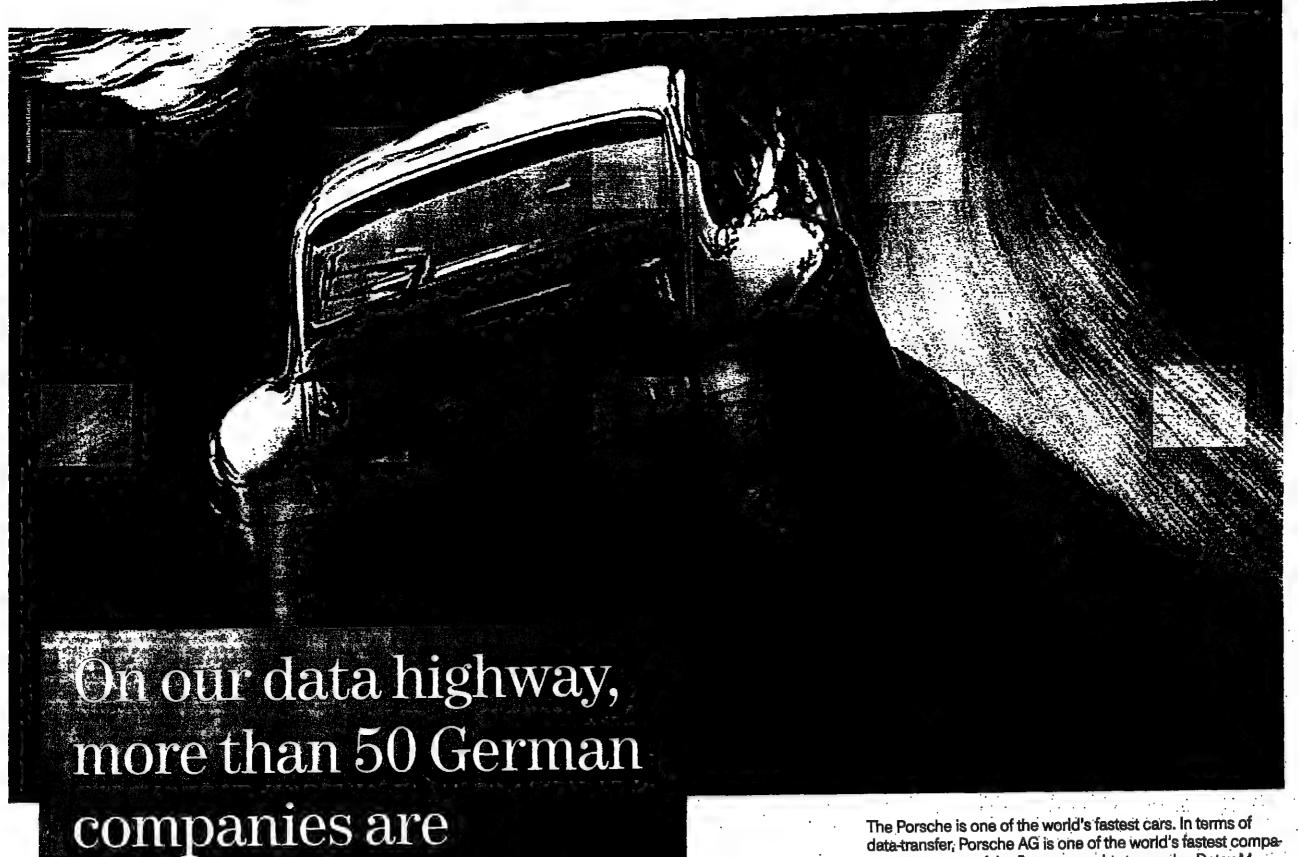
Traditionally, high international and long-distance charges subsidised local preparing these for sale, the rates that were so cheap that conventional telephony.

more than they collected to bill subscribers using only local services. Brazilian tariffs are now closer to the regional aver-

ages, and another adjustment is likely before the end of this year. However, the government has not set a target for tariff levels, saying only that it aims to eliminate the "subsidy" of local calls. In the medium term, investors are likely to pay more attention to high-earning cellular services than to expanding the conventional network to the majority of the population that has no access to telephone services. in the longer term.

though, it is the vast conventional petwork that has the biggest potential for expansion and is of greatest interest to many international operators. Even if Mr Motta's target does prove overly optimistic, subscribers can be confident that competition will shake up the network to their advantage by the turn of the cen-

in the meantime, they may migrate to cellular services. Even at an internationally expensive \$350, the present cost of acquiring cellular lines in São Paulo makes them a cheaper option than





as fast as Porsche.

Deutsche Telekom has the world's most advanced information highways, especially in high-speed communications. They're designed to provide Porsche and other companies with turbocharged performance. The Porsche is one of the world's fastest cars. In terms of data-transfer, Porsche AG is one of the world's fastest companies. It was one of the first companies to employ Datex M, Deutsche Telekom's first standardised asynchronous transfer mode (ATM) service. And now there are over 50 other firms in Germany which are working successfully with this high-speed data-transfer service.

Creation and innovation. Porsche moves faster on Deutsche Telekom's information highways.

Through multimedia, Porsche designers can work interactively and internationally via the information highway with colleagues and other specialists to exchange ideas and develop new products. In this way data transfer, for example of computer simulations to optimise crash behaviour, is decisively speeded up. With development times significantly shortened. In the next few years, Porsche suppliers will also be networked, ensuring that the complex interchange of information in the development and production of new cars runs with increasing efficiency and speed.

A Deutsche Telekom innovation could get you moving faster.

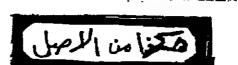
On the information highway, Deutsche Telekom's T-Net is out in front. It includes, for example, the world's most comprehensive optical-fibre network and more ISDN lines than any other country on earth. Other fields in which we are active include ultra-modern international network infrastructures such as undersea cables and satellites. Thanks to Global One, our worldwide partnership with France Télécom and the US company Sprint, we can operate on behalf of our customers on a worldwide basis. And with the kind of innovative multimedia solutions which we have initiated, those same customers have gained decisive competitive advantages.

Now you can profit from our expertise.

Deutsche Telekom is Europe's No. 1 telecommunications company and the world's No. 3 network operator. Since 1990, we've invested DM 135 billion in state-of-the-art infrastructures – making us the world's biggest single investor, no less. We're ahead of the game in multimedia, online services, intelligent networks and much more. We're global, expert and experienced. And you could profit from all that.

For futher information please fax to ++ 49 431 16 93 225 or access the World Wide Web at http://www.dtag.de.

Deutsche' Telekom





PRINTERS FAX MACHINES

PANIES & MARKE

THE FINANCIAL TIMES LIMITED 1996

cov & Interleasing CALL 0345 585840 HOW DO YOU CONTROL THE COSTS OF CARS, IF THEY KEEP MOVING? Ade Comin interfereing. As the USCs building leading and float excompanies company we'll execute you gut the heat possible value from your float.

IN BRIEF ----

PepsiCo moves to boost top team

PepsiCo, the US soft-drink and fast-food company that has been hit by a series of set-backs, surprised Wall Street by bringing in Mr Karl von der Heyden, a consumer industry heavyweight, to beef up its management team. The company said it had appointed Mr von der Heyden to the posts of vice-chairman and chief financial officer and had nominated him for election to the board. As chief financial officer, Mr von der Heyden replaces Mr Robert Detimer, who is retiring at 65. Page 18

Berioismann moves away from pay-TV Bertelsmann, the German media group, said it was scaling back its digital pay-TV activities in the wake of recent setbacks in the German market. These include the decision earlier this week by Deutsche Telekom to quit MMBG, the digital pay-TV venture in which Bertelsmann has a share, and the recent merger between Canal Plus, the French broadcasting company, and NetHold, a pan-European pay-TV group. Page 16

Ansett sale given qualified go-ah The Australian government has approved the A\$475m (\$375m) acquisition of a half-share in Ansett, the Australian airline, by Air New Zealand - but with conditions that will force a new shareholding structure. Page 17

Charges push Hunting into the rad Hunting, the UK defence, aviation and oil services group, announced its first losses for more than a decade after writing off £40.5m (\$63.18m) on its aircraft interiors business. Page 19

Next shares ally despite rise in profits Strong high street demand and the growing popularity of home shopping helped Next, the UK retail group, post a 12 per cent rise in pre-tax profits to £56m (\$87.4m) in the six months to the and of July. However, disappointment among some analysts over the rise in like-for-like sales. concerns over consumer recovery, and profittaking combined to knock shares down 25%p to 578%p. Page 20

UniChem puts £15m tag on Licyds bid UniChem, the wholesale and retail pharmaceuticals group, admitted its attempts to capture Lloyds Chemists had cost nearly £15m (\$23.40m) so far. Most of the costs have come from underwriting fees. Lloyds was also the subject of a bid earlier this year from Gebe, the German pharmacy group, Page 30

Statech group optimistic on pig cione PPL Therapeutics, the Scottish biotechnology company that genetically engineers sheep to produce medicines in their milk, said it hoped to clone pigs to provide a means of transplanting pig hearts, kidneys and possibly lungs into humans without risk of rejection. Page 30

17 Mercury Comms

Mercury One-2-One

Morgan Grentell

Nomura Capital

Olympic Airwaya

Orogen Minerale

Pinault-Printempi

Pacific Andes

Placer Dome **ROC Communiti**

Floyate Beige SBC

Société Générale

Swiss Bank Corp

Short-term but rates

OTE .

Olivetti

Pathé

PepsiCo

encures last

Mile! के तह के कि हैं

Air New Zeeland	-
Alcatel Alsthorn	
Allied Waste	
Anaett Airlines	
BAA ,	
BMW .	
BP }	
BT	. ′
Banco di Napoli	
Bering Asset	
Bertelsmann .	_
British Airwaya	34
British Biotech	
Cable and Wireless	
Chateeu Properties	
Chugei Pharm	
Deawoo.	
Deutsche Telekom	
Ford	
France Télécom	
THE REAL PROPERTY AND ADDRESS OF THE PERTY ADDR	

Europond prices

Found interest indices FT/S&P-A World indices

Tambrande Thomson 18 Vickers Western Mining Corp. http://www.FT.com Market Statistics FT-SE Actuaries indices Foreign exchange Bond Autures and cotions London shere service Bond prices and yields Managed funds service Dividends announced, UK

TRAING-URT	(DAIR)		imetal.	765		32
Moos	712 -	- 25	Patho	1360	÷	35
Beieradorf		- 5	SES-Thomason	244.5	ă.	19.8
iolanata)	198.5	3.5		277 772	•	
Riceonthal'	929			717		28
Melia.	829	-	aic .		-	14
felile Keinelekiri	1250 -	. 19	Datious	712	-	14
en e	471	. 9	TOKYO (Yes)			
		•	المنجية			_
MA AOUK	-		Akabono Braita .	6US-	+	21
Lines .	2294 -	- 19				
vavay Japan	3094			995	_	35
Hannond Shairi Bobal Direct	41%		Honehu Paper	670	_	26
CONTRACTOR	24%			474	_	25
laife .			McDight Pager	584	_	25
	23% -	. 39		B11	_	37
Helen Corp Indes	7% -		IOS		=	,477
uices LONDON (Pe		_	ROBERT MORES	100	-3	
Colonia ha	-		Riges.			
ir London	167% 1	35	Charles Speed Date	2.15		0.1
n Demand	13574		Most Hing Hong	3.27	5	
Vacanii	30835 4				+	0.2
احرمره ا				+ 77		0.3

1.37 + 0.34

Thursday September 19 1996 Alcatel reveals plans for Thomson

By David Owen in Paris

Chairman confirms bid submitted for entire group

On the consumer side, the aim would will be to forge a partnership with "a major

Mr Serge Tchuruk yesterday broke his stience over Alcatel Alsthom's bid for France's Thomson, saying he wanted to turn the state-controlled electronics giant into the world's second-largest defence com-

In an apparent attempt to halt the recent slide in the telecoms and engineering group's share price, the Alcatel chairman also promised that any deal would not be dilutive for Alcatel shareholders and would not worsen the company's debt/equity ratio.

equity ratio of less than 30 per with Morgan Stanley, the US cant," Mr Tchuruk predicted. brokers, said: "I continue to "In other words, Alcatel is a company with very little His comments had the

desired positive effect on the share price, which rose FFril, or 29 per cent, to FFr386.40, recoming most of this week's losses. But they prompted renewed speculation that the French, state would need to recapitalise the heavily indebted Thomson as part of

brokers, said: "I continue to think there will be some debt write-off by the French government." She acknowledged that Mr Tchuruk's remarks on the bid had "given us some reas-SUTAINCE

The Alcatel chairman confirmed that the group had sub-mitted an offer for the whole draining multimedia consumer electronics subsidiary as well as the essentially profitable Thomson-CSF defence elec-tronics arm. He suggested he

for both parts of the Thomson

In defence, he would seek to form "a wide-ranging partner-ship" with another leading European industrial group. It is widely expected that this would be Britain's General Electric Company, Alcatel's partner in the 50/50 GEC Alsthom power engineering and transport equipment joint van-ture. Mr Tchuruk said yesterday it was "logical" but not inevitable that GEC would be

Asian electronics group". This would permit economies of scale while helping to compensate for Thomson's inadequate Asian market presence.

The battle for Thomson pitches Alcatel against Lagardère, the French missiles-tomagazines conglomerate. Both groups submitted their final bids on Monday. The French finance ministry has said it would need several weeks to pick the winner and Alcatel is widely thought to have a slight

edge. World Stocks, Page 36

UK-based telecoms group must 'sink roots deeper' in overseas markets

New C&W head puts emphasis on global reach

By Alert Cane in London

Mr Richard Brown, who has just completed his first quarter as chief executive of Cable and Wireless, the UK-based telecome group, has emphasised his aim of capitalising on the fact that C&W has interests in some 50 countries In his first extensive press

interview since joining in July, Mr Brown said: "Wherever we are in the world, if we decide to stay there, we must sink our roots deeper and go after the market with more than a single service." "If we are in mobile, we

should consider what it takes_ to be in wireline and what it takes to be in data or video. Margins are better if you sell multiple services into a single Mr Brown also plans to seek

rester synergies between Mercury Communications and Marcury One-2-One, the group's two UK-based subsid-He said fixed line operators had no future without wireless

capabilities, confirming that he intends to promote closer links between Mercury Communications, the fixed line operator, and Mercury One-2-One, the mobile business. He is also intent on reising

Mercury's international profile. However, he aims to lift investment in Mercury without raising C&W's overall capi-Mr. Brown, 49 - the first

American to head C&W - was formerly chief executive of H&R Block, the US tax preparation group better known as the parent of CompuServe, the online service provider. He was appointed to restore morale and direction to the company after the exit of its former chairman, Lord Young of Graffham, and chief executive Mr James Ross.

Mr Brown said his main priorities were revenue growth, improved efficiency and a revitalised corporate image. He aimed to concentrate on increasing the group's turn-over without sacrificing profitability: "A healthy bottom line begins with the top line. The sustainable health of a business depends on recurring topline growth." Where a product or service

worked in one place, he would seek to use it elsewhere. Analysis are divided, however, on how effectively Mr Brown can transform C&W. Mr Andrew Harrington,

senior analyst for Salomon issued a "strong buy": note, arguing successful international operators will need strengths in each of the lead-Asian interests - it holds almost 80 per cent of Hongkong Telecom - makes it attractive to other carriers. Mr Harrington believed that

Mr Brown would seek a strate-Mr Laurence Heyworth,



Going for growth: Richard Brown, C&W chief executive

ing, a seller of the stock, savs the group faces severe political, regulatory and business risks. In particular, most of its profits come from Hongkong

senior analyst at Robert Flem- Telecom, which faces an uncertain future after the UK hands the colony over to China next year. Mr Brown said his immediate priority was to ensure that the inter-

ests of C&W shareholders were

protected during the transfer of power. Full interview in Interna-

TWA warns of profits downturn

By Richard Tomkins

Trans World Airlines, the US of one of its Boeing 747s in a mid-air explosion in July, yesterday warned that pre-tax profits would tumble in the quarter ending Septem-

It said the crash was only one reason for the downturn, Other factors included an over-ambitious expansion of domestic flights during the

summer, pricing pressure caused by fare sales and higher fuel prices. TWA's profits warning comes just a week after Amercan Airlines said its costs had risen by 4 per cent in the third quarter, boosted by higher fuel prices and the cost of extra security measu

American Airlines' American Airlines' announcement introduced a note of gloom to the US airline sector, which has recently seen strong profits growth amid rising passenger demand

and higher fares.
TWA's share price was down only \$% at \$10% in early trading yesterday. But the day before it had slumped \$1% to \$10% - a fall of 13 per cent -after Mr Glenn Engel, an analyst at Goldman Sachs, the Wall Street investment bank, published a gloomy report on the airline's outlook

Mr Engel predicted that TWA would report earnings per share of just \$1.20 in the quarter to September, down from \$3.18 a year earlier when TWA made not profits of \$76.8m before restructuring

charges. TWA's flight 800 from New York to Paris crashed on July 17, killing all 280 on board. The cause has not yet been established, but sabotage has emerged as the most likely explanation.

carried more passengers this summer than last, but the average fare paid had fallen. partly because of a loss of premium fare bookings on international flights after the

Mr Jeffrey Erickson, chief executive, said: "Operationally and emotionally, this has been an extremely difficult summer for the people of TWA and, unfortunately, it now appears that we will see these difficulties reflected in third-

lympic Airways rebounds

Olympic Airways, the Greek state carrier which is undergoing an EU-backed restructuring, posted net profits of Dr9.2bn (\$39m) in 1995, its best performance since it was sold to the state in 1974 by Aristotle Onassis, the Greek shipping

Olympic reported a Dr30bn loss on operating revenues of after writing off more than Dr20bn in debt under a state aid package approved by the

Operating profits last year reached Dr13.4bn despite a decline in revenues to Dr223bn, the result of a poor-tourist season which saw a 10 per cent decline in visitors to

However, the airline has been unable to secure the sec-

was due to be paid in January, because of a dispute with the European Commission over government interference in its management. The dispute blew up in March when Greece's transport minister. Mr Haris Kastanides, sacked Olympic's chairman and managing director, Mr Rigas Doganis, appointed to oversee the three-

year restructuring. The EC is expected to decide next month on the release of fresh capital. Analysis said the airline would have difficulty meeting this year's target of Dr17bn in net profits without the help of new funding, partly due to the poor tourist se The EC said that although Olympic was making a satisfactory recovery, the government was continuing to interfere in its management,

sion payments to staff who accept voluntary retirement and insisting that Olympic maintain unprofitable domestic routes to small islands. The government has also

failed to lift Olympic's monopflights and of flights between Greece and third countries. which were both due to end Under the restructuring

plan. Olympic cut 1,500 out of 9,000 jobs, reducing staffing last year, and also shut down several lossmaking international routes. However, plans for slimming down the management and ordering new air-Doganis was sacked.

Olympic's current management has postponed a decision appointing board members on ordering new aircraft to

MG cuts ties with Young

and Roger Taylor in London

Morgan Grenfell is expected next week to call in the Serious Fraud Office after concluding its interrogation of the starfund manager who brought embarrassment to one of the UK's leading investment man-

agement companies. Mr Peter Young, the fund manager suspended earlier this month for "suspected irregularities", was accused of "gross misconduct" and dismissed on Tuesday night, said Morgan Grenfell, the Deutsche Bank subsidiary.

Morgan Grenfell had kept that its in-house investigators accountants Ernst & Young could call on the fund manager

to unravel the intricate scheme he had mounted to & Peters, have denied that he mislead his managers.

But the company has now cut all ties with its former. employee because, it is understood, Mr Young had become less forthcoming in his answers and the investigators had obtained from him most of the information they needed.

Morgan, Grenfell refused to say when its preliminary investigation would be completed but the timing of Mr Young's dismissal suggests the company could refer the case to the Serious Fraud Office as early as next week.

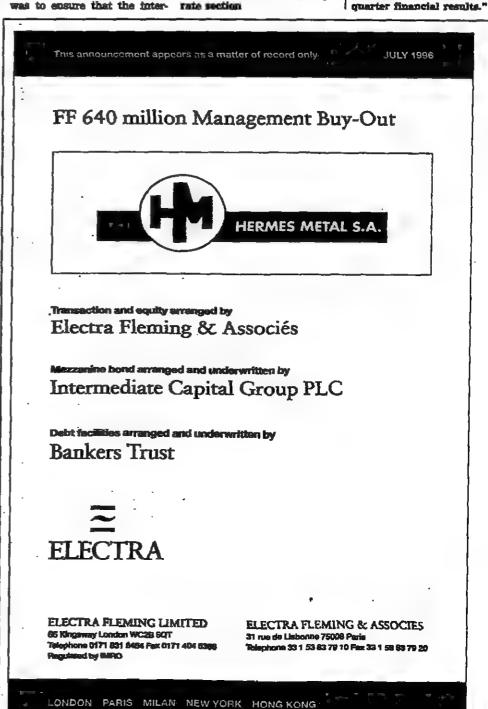
Mr. Young was suspended Mr Young on its payroll so after it was discovered he had set up a web of holding compaand those hired from the nies to disguise the scale of his investments in risky hightechnology companies.

Mr Young's solicitors, Peters gained personally.

The slide in British Biotech

shares recently was due to the suspension of Morgan Grenfall Asset Management investment funds earlier this month, said Mr James Noble, the UK blotechnology group's finance director, writes Sunon Kaper Other shareholders are

thought to have sold on fears that MGAM would dispose of shares in order to fund redemptions in the suspended stake of about 5 per cent in two holding companies he had created. The shares gained 2p to 203%p yesterday, down from 220p on September 4, the day



COMPANIES AND FINANCE: EUROPE

Italian IT group tries to reassure investors and regulators

group was owed L201bn at

end-June, of which the post

office paid L73bn during

included a L64bn capital

gain from the sale earlier

this year of 13.25m shares in

Acorn, the London-based PC

company, which Lehman Brothers of the US is now

placing on the market. Oli-

vetti said it had deposited

L65bn with Lehman, which

the shares were placed.

market value.

would gradually be repaid as

It said it had no need to

modify the criteria for valua-

tion of stakes in subsidiaries

because their book value

was generally lower than

On the question of stocks.

Olivetti said its PC subsid-

iary had L198bn of stocks in

its commercial warehouses

office equipment business

had L267bn and the systems

and services division L261bn.

every three months at the

and L123bn at Lexikon at the

Europe but has been grow-

ing at above-market rates

recently, in spite of uncer-

where it has about a 17 per

the UK, France, Scandinavia

are to private consumers,

but the bulk is to the profes

sional or corporate market -

particularly in the financial

and retail sectors, traditional

Olivetti's systems and

services business is the

unit's largest customer, but

Mr Auer strongly denies

suggestions that transfer

prices have been anything

other than at commercial

As to the future, Mr Auer

was careful yesterday to

avoid speculation. "Fuelling

the speculation would not be

Nevertheless, it is no

secret that the PC manage-

ment team has considered a

buy-out or a partnership

with another company, per-

haps from east Asia. For the

moment, however, Mr Auer

will say only that nothing

beneficial," he said.

Olivetti strongholds.

About 30 per cent of sales

and Germany.

tainties about its future.

Industrial stocks stood at

other operations.

half of this year on sales of servers. In terms of desktop

August.

Olivetti promises finance details in early October

By Andrew Hill

Olivetti yesterday tried to reassure investors and Italian stock market regulators that its half-year accounts were in order, but refused to detail its plans for disposals or strategic alliances.

Before last night's board response to 16 questions arkets watchdog. On September 3. Olivetti

announced a pre-tax loss of six months of 1996. Mr Carlo De Benedetti resigned as The following day, Mr Renzo Francesconi resigned

finances, and claimed the real financial situation was Consob has since been trying to force the group to clarify its financial and com-

as director-general in charge

mercial position. Olivetti said it would not be able to publish its net financial position at August 31, as requested by Consob, until the first week of October, because of the need to

The obituaries for Olivetti's

personal computer business

remaining broad range com-

been written many times.

puter manufacturers - hava

also-ran in the commoditised

global industry, its critics

chief executive of the PC

unit and the man charged

with turning the loss-making

business around, insists that

with or without its parent,

Olivetti's PC operations can

survive and maybe even

Mr Auer, a 55-year-old Ger-

man industry veteran who has worked for Digital

Equipment, International

Business Machines and Com-

paq Computer, was brought

keting chief of the PC divi-

sion, and took over as chief

Since then, he has contin-

ued the restructuring of the

operations, which were

transformed into a wholly-

owned but stand-alone sub-

sidiary at the start of the

After years of painful

losses, the PC unit recorded

an operating loss of just

executive in July.

Olivetti is at best an

But Mr Bernhard Auer,

one of Europe's last

By Paul Taylor

ing subsidiarles. It refused to reveal information about ongoing negotiations on alliances or disposals, because publication of such data "would be extremely damaging".

The group did, however, break down a L200bn provision in the half-year figures. meeting the group issued a Restructuring charges of five-page statement in L115bn included L44bn for the closure of overseas activposed by Consob, the finan- ities, and L63bn for the reduction of personnel and plant in the computer systems and services divi-L440.2bn (\$288m) for the first sion. A further L85bn was set aside for possible capital losses on disposals and

In answer to Consob's concerns about credit risks, the group said it did not believe of the holding company's it needed to make provisions against L134bn of credits outstanding to the former Soviet Union. The group said Olivetti denied this, but Mediocredito Centrale, the at June 30, the Lexikon Italian bank, was acting for it and had indicated that the Russian authorities could repay by issuing government with turnover every six bonds in convertible currency. Provisions have already been made for L74bn of interest due.

> It had no doubts that it L105bn in the PC business would recover money owed by Italian state institutions.

Head of PC unit upbeat

L15.8bn - a performance

described by Olivetti as a

great improvement on "the

Despite the distractions.

Mr Auer believes Olivetti

can survive in the turbulent

PC market by focusing on

higher-margin corporate

sales of notebooks, desktops

and servers - high-powered machines used to run corpo-

"The key values we have

are a trusted brand name

Although many industry

pundits insist that size and

global reach are what mat-

ters these days, Mr Auer

believes that by focusing on

solid logistics, manufactur-

ing and marketing strate-

gles, the business will not

computer products - the

The model for success is

Sales of these stylish por-

table machines, which are

made under contract in

Taiwan, have more than

doubled in the past year,

helping Olivetti to become

number five in the European

management is betting that

the same sales team can help

L10bn (\$6.6m) in the first lift sales of desktop PCs and had been ruled out.

Now the PC subsidiary's

merely survive, but grow.

and market share," he says.

dissister of 1995*

rate networks.

Echos line.

Institutions press for disposal strategy try and the post office. The

By William Lewis in London and Andrew Hill in Milan

Olivetti said it had Members of a group of institutional shareholders who hold collectively about 25 per cent of Olivetti's equity said yesterday they were likely to call an extraordinary general meeting if the company failed to meet their concerns.

In particular, the share holders do not want Mr Carlo De Benedetti reappointed as chairman of Olivetti and are pressing for the company to sell or close its personal computer subsidiary immediately.

Members of the group. which has met twice in London to discuss possible action, include Baring Asset Management and Morgan Stanley.

Nomura Capital Manage ment, which initiated the first meeting of the share holder group, recently sold tts Glivetti shures.

weeks at the PC unit and Speaking ahead of last night's board meeting, the shareholders also said they believed the underlying value of the company's shares to be between L1,500 and L2,000, and want the company's management to implement a strategy based on disposals and demergers to achieve that value.

Mr Talal Shakerchi, head of European equities at Old Mutual, which holds about PCs, Olivetti ranks eighth in 2 per cent of Olivetti and is maker of the chareholds group, said yesterday that the value in the company Overall, Olivetti sold needs to be realised".

nearly 1m PCs last year. It is For example, the compa particularly strong in Italy, ny's 41 per cent stake in Omnitel Pronto Italia, the cent market share, and in mobile phone company which is one of the group's most attractive assets, should be demerged to shareholders, he said.

"If we are disappointed then there is a very high likelihood" of an extraordinary meeting being called. Mr Shakerchi said.

Shareholders need 20 per cent of Olivetti's shares to call an extraordinary meeting, Assorisparmio, an Italian small investors' association, said yesterday it had already gathered the supholding 10 per cent of Oilvetti's shares, in the hope of requesting a special share-

In a statement issued before last night's board meeting, Assorisparmio said these foreign investors were interested "above all in renewing the board", in an stiempt to improve the strategic management of the company in the interests of all shareholders.

Bertelsmann cools on pay-TV

By Frederick Stüdemann in Berlin

Bertelsmann, the German media group, said yesterday it was scaling back its digital pay-TV activities in the wake of recent setbacks in the German market.

These include the decision earlier this week by Deutsche Telekom to quit MMBG, the digital pay-TV venture in which Bertelsmann has a share, and the recent merger between Canal Plus, the French broadcasting company, and NetHold, a pan-European pay-TV group.

Mr Thomas Middelhoff.

responsible for multimedia activities, said the company was "considering following Telekom's example". The shareholders of MMBG, which also include

Bertelsmann board member

Canal Plus, several of Germany's public sector broadcast networks, and Daimler-

Benz InterServices (Dehis), a unit of Daimler-Benz, are meeting in Bonn today, when Telekom will formally

from the company. Mr Klaus Mangold, chief executive of Debis, said his company, which held only a 5.5 per cent stake in MMBG, had already decided to withdraw from the venture.

announce its withdrawal

Another TV company, Pro Sieben, which is partlyowned by Mr Kirch's son Thomas, also announced yesterday it had cancelled plans for a digital channel. Bertelsmann has revised

its assessment of the possibilities offered by digital pay-TV. Initially, the company thought the market could develop "quite quickly" but it now believes it will be hard to attract subscribers in Germany. which has a large free-TV

By leaving MMBG, Bertels-

New entrants

Bales Ebhale margin profit margin ROCE ROE
Sales Ebhale margin profit margin ROCE ROE
Sales District % DM m % % RWE 27 1438 27 8 40 43 103 955 Total 219 94 6234 27 77 15.3

involvement in the development of set-top decoders. digital signals, and in the establishment of a propri-etary broadcasting platform. Instead, Mr Middelhoff

said the company would concentrate on areas in which it has an established place in the market, such as online In line with this strategy.

mann would give up its Bertelsmann and Debis yes terday announced the creation of a joint venture to market internet services. Under the terms of the

THE CONTRACTOR OF BY

deal, Debis has acquired a 50 per cent stake in Media-Ways, a Bertelsmann subsidiary which built and manages the connection network for the online services company AOL-Deutschland, in which Bertelsmann also

SBC tackles problems at home



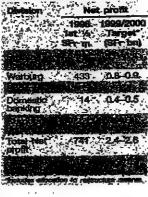
It used to be easy to pigeonhole Big Three Swiss banks.

Union Bank of Switzerland was the biggest, Credit Suisse the boldest and Swiss Bank Corporation was what the Germans would call a Bummler, or

However, yesterday's radical restructuring of SBC's domestic business, combined with its new provisioning policy, is a reminder that far from being the slowcoach of Swiss banking, SBC is now the trail-blazer. Mr Marcel Ospei, 46, who took over as chief executive in May, is intent on doubling return on equity and lifting net profits, which have bovered around the SFribn (\$804m) mark for the last five years, to around

Over the past couple of ears, SBC has strengthened its international investment management business, with the \$750m acquisition of Gary Brinson's US money management firm and the 2860m (\$1.34bn) purchase of S. G. Warburg, the UK merchant bank. It has also taken a 24.9 per cent stake in Perot Systems, the US computer services company, in a move to barriers the best informstion technology to its core banking busine

But despite all these headline-catching moves, SBC has never properly addressed its weak spot the domestic business. Like the rest of the Swiss banks, its earnings have been undermined by the loan losses in real estate which are now spreading into other markets. The domestic economy has been in recession for the best part of six years: unamployment and bank-



returns on domestic Swiss banking are minimal. In SBC's case, the position is even worse. It is the smallest of the Big Three, yet has the biggest branch network. As long as the its unprofitable corporate business was lumped with its hugely profitable private banking business, the losses were hidden.

off private banking as a separate unit, and yesterday's announcement is primarily concerned with addressing the problems of the core domestic business.

In May, SBC replaced Mr Roland Rasi, head of its domestic division, and promoted Mr Franz Menotti, 56, who had been responsible for retail banking. In the first half of 1996, SBC's domestic business earned SFr14m, compared with SFr48lm in private banking, Mr Menotti's task is to raise the return on equity from zero to 10 per cent over the next three years.

SBC plans to cut its Swissbesed workforce by 1,700, or around 13 per cent, and close around 80 of its 325 branches. Cutting staff and branch numbers is easy. Mr Menotti's biggest challenge is to improve the profitability of the traditional corporate customer base without

Provisioning for loan losses reformed

By Goorge Graham,

Swiss Bank Corp's new method of provisioning for loan losses is part of a radical transformation of banks' tech-

niques for managing their risks.
Instead of making provision when borrowers actually default. SBC now argues that "loan losses are a predictable risk to which a certain probebility can be assigned".

It plans, therefore, to make provisions for expected loan losses in advance, by calculating the likelihood of default on any category of loan.
For its total loan book, SBC calcu-

lates its expected annual loss at 0.5 per cent of average loan volume, in line with international credit standards. It will therefore set aside SFr600m (\$462.4m) a year in a special actuarial

credit risk accounting reserve. SBC will also inject SFr2bn this year into the reserve to set up a cushion, because actual losses in any given year will vary from the expected trend. will vary from the expected trend. this sum should be sufficient to contain moved along this road.

years out of 40." SBC said. Besides calculating the provisions it needs to make, SBC will be able to use the same data to price its loan more accurately, in the same way that insurance companies use actuarial calculations to assess premium rates.

A car insurer knows, for example, that a 17-year-old with a sports car is more likely to crash than a 40-year-old with a saloon, so charges the former driver a higher premium. Similarly, a bank knows that a new business is more likely to collapse than an estab-

lished one, so will raise interest rates. A number of North American banks, such as Bank of America and Bank of Montreal, adopt similar techniques for their loan books. Barclays in the UK Seen from the present perspective, and Westpac in Australia have also

> ing is welcomed by supervisors at some central banks, it runs into accounting and tax problems in many countries. In the UK, for example, the accounting standards authorities will not allow this kind of setting aside as a specific provision. This means it can only be done under general provisions, which have to be made out of after-tax income. For this reason, Barclays uses its calculations in internal accounts, but not in audited accounts, though it reveals estimated risk tendency to investora

Mercedes pins hope on Actros

world's biggest truckmaker, hopes to turn a corner in its financial fortunes with the Actros heavy truck range, which will make its first public appearance at the Hanover truck show, Opening to the press today.

Mr Jürgen Schrempp, chairman of Daimler-Benz, the parent company, said the new range would help lift Mercedes-Benz profits by at least DM500m (\$331m). The company would save an additional "several hundred million D-Marks" by improving the flexibility and pro-ductivity of its German workers, while the Actros should also keep customers fuel and maintenance costs. The Actros is Mercedes-Benz's first new heavy truck business."

ercedes-Benz, the in almost two decades. The company says it will set new technological and engineering standards, with innovations such as disc brakes all-round and an electronically controlled braking

> However, the vehicle's biggest contribution could be to Mercedes-Benz's bottom line. Although the company's commercial vehicle activities make money outside Europe, owing to successful subsidiaries such as Freightliner in the US and the Mercedes-Benz operation in Brazil, the European operations are believed to have been chronically loss-making.

Speaking in London last month, Mr Schrempp admitted: "With a few exceptions, we have never made a lot of money in the trucks

Information about the performance of the commercial vehicles operations has been obscure, always because the division's highly-profitable car side. Promising greater transparency and less patience with loss-making businesses in future, Mr Schrempp said a first, visible change would come with the company's 1996 results, which would detail the commercial vehicles subsidiary's performance separately.

Mr Schrempp said previous managements had been "more patient" with the commercial vehicles side than the present top team. They had been willing to accept some cross-subsidisation between the cars and commercial vehicles busi-

By order of the Board:

London Secretaries

S.J. Dunning

nesses. Such practices were no longer acceptable, he

implied. Mercedes-Benz has already taken steps to turn round its results are merged with high-cost European commer-those of Mercedes-Benz's cial vehicle manufacturing cial vehicle manufacturing operations, which are con centrated in Germany. Its van-making activities have been boosted with a plant in Spain to build the new Vito light van range. Separately, margins on the German-built Sprinter are also believed to be appreciably better than on the previous model, because of extensive design

> But heavy trucks remain Mercedes-Benz's Achilles heel, hence the importance of the Actros. Mr Schrempp said the new vehicle would spearhead a rationalisation of the group's range of models. These were both rela-



Actros: Mercedes bopes range will add DM500m to profits

because of Germany's high production costs, he said. Mercedes-Benz also hopes the Actros will help to rebuild its share of the west

tively expensive to make. European market for com-because of Germany's high mercial vehicles of more

than six tonnes to more than

30 per cent.

Société Générale ahead at midway

Smart car venture running on schedule

By Haig Simonian, Motor Industry Correspondent

Burope's riskiest new car project, the Smart venture between Mercedes-Benz and Switzerland's SMH watchmaker, is on track to build its first vehicles by autumn next year, in spite of doubts about its viability.

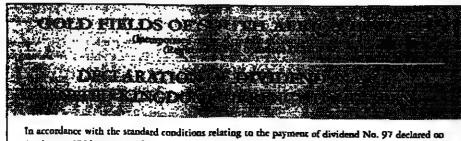
Micro Compact Car, the joint venture behind the Smart, said yesterday it had appointed 32 dealers to cover urban areas, corresponding to about 50 per cent of its target market. It said it had dgned letters of intent with other dealers to reach its goal of a 100-outlet network for the Smart's launch in March 1996.

At the first press confer-Haig Simonian ence inside its factory in government.

Hambach, north-eastern France, MCC said the 10 component suppliers largely responsible for building the car would start training

employees next month. The Hambach plant will be among the first of a new generation of car factories in which component suppliers are directly involved in final production. The 10 core suppliers will have separate fac-tories next to the main plant, from where they will supply the production line.

MCC said the Smart project was budgeted to cost about FF12.8bn (\$544.2m) Mercedes-Benz, which owns 51 per cent of MCC, and SMH are putting up FFr1.5bn. with the rest coming from suppliers and the French



20 August 1996, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the case of exchange of R6.9674 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remutances between the Republic of South Africa and the Unuted Kingdom on 16 September 1996, as advised by the Company's South African bankers.

The United Kingdom currency equivalent of the divideod (No. 97) of 140 cents per ordinary share is therefore 20.09558 peace per share.

Landon Office and Office of United Kingdom Registrar: Gold Fields Corporate Services Limited per pro GOLD FIELDS, CORPORATE SERVICES LIMITED

London SW1P 1DH 17 September 1996

Greencoar House

Francis Street

Polysindo Internation Finance B.V. U.S. \$25,000,000 nated Heating Rate Notes due 1997

For the Interest Period 18th September, 1996, in 18th December, 1996, the Notes will carry in Interest Rain of 8.3125 per cest, per annua, with an interest Amount of U.S. \$201.0 per U.S. \$200.00 denomination, psychologous 18th December, 1996. Lived on the Larrest Long Stock Eathering

APPOINTMENTS ADVERTISING appears in the UK edition every Wedoseda

mili em +44 0171 973 4054

For further lates

Société Générale, the French banking group, yesterday reported a more than 20 per cent advance in half-yearly net profits, spurred by a solid performance from all its main activities. In figures that appeared to confirm an improving trend in the performance of large

By David Owen in Paris

from FFr2.42bn to FFr2.96bn Banking income for the period climbed 8.6 per cent to FF121.2bn, while operating costs were ahead just over 7 per cent at

French banks, the group said net first-half profits rose

The group said the higher costs were a consequence of its international expansion FFr5.49bn to FFr6.17bn, with

operations. It said domestic operating costs rose only marginally.

Last month, the group unveiled a strategic expansion in the Asian region, taking a majority stake in Crosby Securities, the investment bank, to form a new Asian brokerage and corporate finance institu-

Mr Marc Vienot, chairman, yesterday described the group's performance as "encouraging". He said all three branches of activity had shown a progression in both activity and operating .

Overall operating profits rose 12.4 per cent, from nearly half the figure com-

as a result of the improved ing from the group's domes-performance of trading tic banking activities. These lifted their operating result more than 6 per cent to FFr3bn, in spite of what the group described as a "still difficult" competitive envi-

> Market and international operations registered a 32 per cent improvement in operating profits to FFr2.1bn, while property and banking services climbed 5.2 per cent. The shares ended the day unchanged at

FF1590. • France Telecom, the stateowned telecoms group which is scheduled to be pertially privatised next year, said first-half net profit rose 18.9 per cent to FFr6.8bn (\$1.22bn). Operating profits

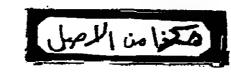
cent to FFr75.1bn, agencies report from Paris. The company said that due to an accounting change linked to privatisation, full-year 1996 earnings would cooking in ...

the company said it was too early to estimate 1996 earnings Pinault-Printemps-Redoute, the French retailer. said first-half net profit rose 65.5 per cent from FFr452m to FFr748m (\$145m). Sales were 15 per cent higher at

not be determined on a

comparable basis. As such,

FFr87.745bn, reports AFX News from Paris. The company said that given the weight of the second half in the annual results, the growth of firsthalf group net results could were up from FFri4.8bn to not be extrapolated to FFri5.2bn on sales up 2 per remainder of the year. not be extrapolated to the





NZ airline given qualified go-ahead on Ansett

By Bruce Jacques in Sydney

The Australian government has approved the A\$475m traffic regulations. (US\$375m) acquisition of a half-share in Ansett, the Australian airline, by Air New Zealand - but with conditions that will force a new shareholding structure on

(finance minister), Mr Peter Costello, said the purchase,

from Australian transport office and operational base tello said approval for said the government had ensure it complied with air

He said if Angett retained its status as a designated Australian international airline, its international operating arm, Ansett International (AIL), had to be substantially owned and The Australian treasurer controlled by Australians .
Imance minister), Mr Peter All would, therefore, be required to retain its head

two-thirds of its board, including the chairman, to be Australian citizens.

Also, 51 per cent of All's cent of All.
capital must be owned by an Mr. Ken C Australian holding company - which will be called Holdco - and owned 100 per cent by Australian citizens. No further details of the proposed shareholding or board members of Holdco were released, but Mr Cos-

group TNT, was subject to a in Australia, with at least involvement in the company faced a complex array of reg-number of conditions to two-thirds of its board, would be subject to regula-ulatory issues. He said he would be subject to regula- ulatory issues. He said he tory processes. Ansett will looked forward to early resocontrol the remaining 49 per

> Mr Ken Cowley, the chairman and chief executive of approved by a meeting of Air Ansett Anstralia, yesterday decision.

> Mr Cowley, who is also Australian head of Ansett's other 50 per cent shareholder, News Corporation, executive, Mr Jim McCres,

lution of the Air New Zealand purchase.

The deal still has to be New Zealand shareholders, scheduled for September 27, which will also be asked to approve enabling funding

Air New Zealand's chief

said the conditions appeared acceptable and workable.

The Ansett Air New Zeeland deal was first broached two years ago when News Corp signalled its intention to sell its Ansett stake. Protracted negotiations ultimately foundered on price.

However, within weeks, Ansett's other 50 per cent shareholder, TNT, was in talks to sell its stake. The deal has been dogged by regulatory hurdles.

Sampoerna

ahead but

warns on

margins

By Manuell Sampoes

Sampoerna, one of Indones-

ia's largest manufacturers

of clove cigarettes, said net

profit increased 15 per cent

in the first six months of the

year to Rp186.4bn (\$80m) on

net sales up 35 per cent from Rp727bm last time to

Analysts attributed the

increase in sales to a year-

on-year 88 per cent rise in

sales of Sampoerna's A-Mild

brand of cigarettes. How-

ever, sales of Dji Sam Soe,

the company's premium

brand, grew only 9 per cent

That sparked concern

about a continued decline in

gross margins, because the machine-rolled A-Mild ciga-

reites have lower margins

than the hand-rolled Dji

Also, it is expected that

the government's new excise

tax structure for all four of

Indonesia's large cigarette

manufacturers will continue

to harm Sampoema's gross

The new taxes came into

effect at the beginning of

Concern about the compa

ny's gross margins initially

caused its share price to fall

in the first half.

Sum Soe brund.

margins.

this year.

Mandala

Hanjaya

ASIA-PACIFIC NEWS DIGEST

Merck and Chugai form OTC venture

Merck, the US pharmaceutical company, will team up with Chugai Pharmaceutical of Japan in a joint venture to develop and market over-the-counter drugs in Japan. The move will give Merck access to Japan's rapidly growing OTC drug market, which is the focus of government moves to cut health care costs.

Merck already has a Japanese pharmaceutical subsidiary – Banyu Pharmaceuticals, which concentrates on prescription drugs - which will not be affected by the tie-up. For Chugai, the agreement offers ties with a leading global drug-maker at a time when the government's cut in official drug prices is eroding profitability and partners are being sought ahead of a possible consolidation within the industry. Some foreign companies have taken leading stakes in small Japanese drug manufacturers.

Chugai will provide 70 per cent of the Y2.5bn (\$22.7m) capital of the new company, which will be based in Tokyo. The joint venture will start operations next spring.

Emilio Terazono, Tokyo

Pacific Andes launches IPO

Pacific Andes International Holdings, the Hong Kong listed company whose interests include frozen seafood and shipping services, yesterday launched the initial public offering of its newly spun-off arm, Pacific Andes Holdings. The company opted for a Singapore listing because of the city-state's position as an Asia-Pacific financial centre. Sixteen other Hong Kong companies have listings in Singapore, most notably the Jardine group of companies which delisted from Hong Kong in two stages, in December 1994 and February 1995,

Pacific Andes Holdings' activities are similar to those of its parent's. The listing is in two tranches, each of 30.625m shares at US\$0.57 each. One tranche is being sold by the parent while the other is made up of new shares. A total of US\$33m will be raised, although only half of this will accrue to the new company. Following the issue, the parent will hold 60 per cent of Pacific Andes Holdings Proceeds from the sale of new shares will be channelled into expanding processing capabilities, buying a plant in China, and developing own-label food products.

Orogen Minerals float priced

The Papua New Guinea government will float part of Orogen Minerals, the holding vehicle for its interests in the country's main resource projects, at A\$1.70 a share, raising A\$260m (US\$306m), Sir Julius Chan, prime

minister, said the government would retain 51 per cent. Orogen's interests include stakes in some of the world's largest gold projects, including 15 per cent of the Porgera mine, 20 per cent of Misima and 8.6 per cent of Lihir. Its essets, housed in the government-controlled Mineral Resources Development Company, also include 15.75 per cent of the Kutubu oil project and 20.5 per cent of the Gobe oil operation. A successful float would give Orogen a market capitalisation of A\$600m. It will also have the right to take up interests in new resource projects in Papua New Guinea. However, it appears the vehicle does not include the government's interests in the Ok Tedi and Bougainville projects.

The float will offer 158m shares, with residents offered a discount for the first 2,000. A global institutional offering will also be made through depository receipts.

Bruce Jacques, Sydney

MasterCard takes the Chinese challenge

Credit card group sees the potential and the problems of this fast-growing market

International, faces a question similar to the one confronting many chief executives dealing with China: what resources does one commit to a market which may be growing exponen-tially but is not yet provid-ing returns that would justify a larger investment?

For many companies including MasterCard - the Chinese market still requires a leap of faith. An uncertain. regulatory environment, chaotic trading conditions and shifting consumer pat-terns make it difficult to plan and set targets.

reform

ventur

midm

But Mr Lockhart, a former chief executive of Midland Bank in the UK, believes it is in MasterCard's interest to make substantial additional commitments to China.

"We plan to make further considerable investment in China," he says, "both in terms of human resources and in money spent on publicity programmes and

However, he says there has to be a "critical moment" - the point when it is decided whether returns. justify resources committed. "It is a challenge for every western company involved in China to balance market. building with achieving strict financial targets."

The explosion in the issuing of bank cards, the moves to transform China from a "cash-based" to a "cashless"

dent of MasterCard tion of the economy, the huge potential growth in outward tourism as the Chinese become more affluent. and the changing attitudes to credit are all exciting developments for companies such as MasterCard, Visa

and American Express.
In the 10 years since China's first yuan-denominated bank card was issued in June 1986, the number of cards in circulation has grown to 14.1m, and is expected to reach 200m by 2003. Transaction volume is also increasing dramatically, from just \$2.5km in 1991 to \$115.8bn in 1996.

MasterCard has every rea son to be satisfied with its penetration of the market. At the end of 1995, it accounted for 69 per cent of the market, or 9.8m cards. In terms of transaction volume, MasterCard represented 61 per cent, or \$71.7bn. Its main competitor, Visa, holds about 20 per cent market

The potential of the Chinese market would seem difficult to ignore for a company like MasterCard. Transaction volume in China is already more than 10 per cent of its global figure of \$500bn, of which the US accounts for \$175bn. Numbers of Master-Card cards issued in China represent about 3 per cent of the company's \$40m total



Eugene Lockhart: plans further investment in China

ning, and China's moves towards currency convertibility will have considerable implications for companies like MasterCard. Initially, current account convertibility will be limited to foreign-invested enterprises, but gradually full convertibility will be introduced. The yuan will in time become an internationally tradeable currency, possibly by 2000.

In the meanthne, foreign credit card companies will be hoping the authorities relax restrictions on Chinese

But this is only the begin- Chinese who travel frequently are obliged to service such cards from accounts outside China. MasterCard representatives have told the authorities that rules discouraging Chinese from holding offshore accounts denominated in foreign currencies to service credit cards are detrimental to China's interests. Mr Lockhart makes no secret of MasterCard's interest in seeing regulations relaxed. "For us this would represent a great first step towards see-

ing a rate of return." The MasterCard chief sees citizens' access to credit the main growth area for infrastructure in place." cards that can be used inter MasterCard in the early pationally. As things stand, stages in the debit/ATM

Smart cards, or integrated circuit cards, also have considerable potential in a "cash-driven" society. IC cards are being trialled in China's southern provinces, and are expected to spread rapidly throughout

card market, because of the Chinese attachment to cash.

the country once given approval. The Chinese, worried about security, would be attracted to the IC card's safety features.

International credit card companies such as Master-Card and Visa are also keeping a close eye on China's much-vaunted Golden Bridge project, originally meant to provide a "superhighway" clearing system for both bank cards and nonbank cards by 2003.

But teething problems mean the project will probably take longer. In the mean-time, the People's Bank of China's newly-established National Bank Card office has taken over responsibility for bank cards. Banks themselves are setting up their own bank card clearing systems, a vote of little confidence in the Golden Bridge project. The danger for China is that it will end up with a "dysfunctional" clear-

ing system.

Mr Lockhart, on the other hand, is optimistic that order will be brought to potential chaos. "I've been impressed on a lot of different fronts by the aggressive ness of the Chinese to do the right thing and their concern about getting the right

4 per cent to an intra-day low of Rp21,200 yesterday, but they closed Rp100 Tony Walker higher on the day at

lecmology has won.

> You'll always find Belleli Group on the market thanks to banking and creditors.





What's cooking in your portfolio? Ask most banks how you should invest to preserve your assets and you'll likely hear that a balanced diet is best for your long-term financial health.

Good advice. But sound diversification requires much more than a little of this, more of that, and a taste of something else. That's where the personalized private banking philosophy of Bank Julius Baer can help.

Instead of offering just pre-packaged investment recipes, your personal Baer advisor will make an in-depth appraisal of your current situation and goals, and then select and blend the resources of the Julius Baer Group into a creatively structured solution that positions you for long-term, after-tax performance.

At Bank Julius Baer, wealth management is our strength. Personalized service is our commitment. Just call Zurich:

Joseph A. Belle (+41-1) 228 55 59 Geneva: (Société Bancaire Julius Baer) Candace Webbe (+41-22) 317 64 18 London

Julian Yorke (+44-171) 623 42 11

BANK JULIUS BAER

Tambrands to shut plants in shake-up

By Richard Tomkins IN NEW YORK

Tambrands, the US maker of Tampax, the world's topselling tampon, yesterday announced plans to close factories in Ireland and France but to expand its plant in England as part of a streamlining of its world-

wide operations It said the move would bring a charge of \$46m before tax, or \$1 a share after tax, in the third quarter to September - more than enough to wipe out the net profits of \$26.7m, or 73

its management team.

The company said it had

appointed Mr Karl von der

Heyden, 60, to the posts of

financial officer, and had

nominated him for election

to the board. As chief finan-

cial officer, Mr von der Hey-

den replaces Mr Robert Dett-

several consumer goods com-

among them PensiCo.

where he served as an execu-

tive on the corporate side

and in the US soft drink

operation from 1974 to 1980.

mer, who is retiring at 65.

However, the company's fell from \$94m to \$74.7m last, out four of its nine world-wor share price jumped \$2% to \$44% in early trading after Tumbrands said the restructuring would bring pre-tax savings of \$20m a year from the beginning of 1998, so restoring growth to flagging

Tambrands has been operating in an acutely competitive market characterised by heavy promotional activity that has eaten into earnings. Its main rivals are Playtex in the US and Procter & Gamble, Johnson & Johnson and Kimberly-Clark elsewhere. Excluding unusual items, the company's net profits company said it was phasing

year, and the slide continued into this year's first half. Underlying net profits were down from \$44.5m to \$36.6m in the six months to June. Tambrands said yesterday

it was combining its Americas and international divisions, which currently operate as independent organisations, into a single global organisation to increase efficiency, eliminate administrative duplication, improve decision-making and get new products to the market more quickly.

wide manufacturing plants and concentrating production in the remaining five. Those closing are in Rut-Vermont; Tours, France: Tipperary, Ireland;

Main beneficiaries of the closures will be plants in Auburn, Maine, which will gain about 150 jobs, and Havant, England, which will gain about 125 jobs.

and St Petersburg, Russia.

Tambrands said the job losses would total 1,100, but these would be offset by the creation of 500 new jobs, resulting in a net reduction of about 17 per cent of the

The company also Fogarty, chief executive, would take the additional post of chairman, succeeding Mr Howard Wentz, who is retiring at the age of 66.

Mr Thomas Mason, vice-president for international operations, will become chief operating officer, a new position.

The company had to be leaner, faster, and more efficient in building the Tampex brand if it was to go on beating much larger companies in its market, Mr Fogarty

Ford arm to set up bank in **Poland**

By Kevin Done, East Europe Correspondent

Ford Credit Europe, the US setting up a banking subsidary in Poland and is seeking to expand its financing operations into Hungary and the Czech Republic, as part of the group's drive to tral Europe.

Bank of Poland yesterday. It is creating a subsidiary, Ford Bank Polska, which will enable it to start its. own retail vehicle financing activities in the country. As part of the price of entry to the Pollsh banking

sector, Ford has agreed in a complicated deal to help bail out depositors at a failed Polish regional bank in Bydoszcz, Bydgoski Bank

million US dollars on long-term deposit at Wielko-polski Bank Kredytowy, which is taking over the failed bank. Bydgoski Bank is to be liquidated this week. Mr David Flanigan, Ford Credit Europe chairman, said the group had faced "a long process" to obtain per-mission to set up the bank.

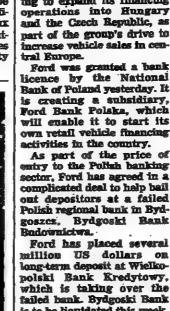
Ford is planning to apply for a bank licence in Hungary shortly. In the Czech blic, where the central bank has a moratorium on granting new bank licences. it is planning to establish a leasing and factoring subdidiary for financing vehicle

countries are expected to begin in the first half of

UK bank regulated by the Bank of England.

East Europe is one of the world's fastest growing new vehicle markets. New car sales in Poland, the largest market in central Europe. increased by 33 per cent in the first seven months this year, to 230,766. Ford expects its sales to rise from 12,000 this year to 18,000 in

The development of car central Europe is still at an early stage, but Ford said



ales and dealer stocks. Operations in all three

Ford Credit Europe is incorporated in the UK, and the Polish bank licence is the first to be granted to a

Mr David Mercer, Ford Credit Europe business development manager, said that Ford expected Poland to become its sixth largest market in Europe by 2000 for both vehicle sales and financing. It opened a low

1997.

that it expected its financ-ing operations to grow "very rapidly".

subsidiary UAP Nieuw

Rotterdam, formed from two

groups of which Royale Belge took control of last

year. The Dutch operations

- now the eighth-largest insurer in the Netherlands -

reported a jump in net

profits from F1 8.6m to F1 28.4m (\$16.73m).

outside Benelux, particularly

The group said strong performances in both the

Belgian banking and insurance sectors had led to the first-half improvement.

Gross premium income

increased 2.4 per cent to

BFr59.3bn. Life premiums

increased from BFr22.18bn to

Classical life premiums

were stable, although shortand medium-term savings

plans had suffered from low

interest rates. Motor

insurance premiums were

down 4 per cent as a result of the decision to favour

good motor risks through

adjusting tariffs. Corporate

BFr22.69bn, while non-life premiums increased from

BF135.76bn to BF136.6bn

in Scandinavia.

Mr Gérard added that Royale Belge was constantly looking at opportunities

PepsiCo in moves to strengthen management the US food company, where be became chief financial exuelan bottler defected to By Richard Tomkins Coca-Cola, and the month PepsiCo, the US soft drink officer. In 1989 he joined RJR before, the head of the group's international soft drinks business unexpectand fast food company that Nabisco, the US tobacco and food group, where he became has been hit by a series of setbacks, yesterday sur-prised Wall Street by bringco-chairman and chief edly resigned. Meanwhile, big operating ing in a consumer industry In 1993 Mr von der Heyden heavyweight to strengthen

became chief executive of Metaligesellschaft Corp. the US subsidiary of the German metals and trading group. and helped restructure the vice-chairman and chief crisis-stricken company,

PepsiCo said yesterday that Mr von der Heyden had joined the company for about a year, during which he would help formulate long-term growth strategy Mr von der Heyden has and identify a successor. "He had an exceptional career at did not wish to return to corporate life on a more permapanies over the past 20 years nent basis," PepsiCo said. PensiCo has recently suf-

fered a string of blows in its war with Coca-Cola for the giobal soft drink market. Last month it lost one of After leaving PepsiCo, Mr its biggest overseas soft

losses at the group's main South American bottler. Buenos Aires Embotelladora, are expected to cost PepsiCo \$60m in the third quarter, and the stock price has slid as analysts have downgraded their profit forecasts.

The group already has a spected chief executive in Mr Roger Enrico, who is credited with having built up Pepsi-Cola's share of the US market in the 1980s against tough competition from Coca-Cola.

Mr Enrico said Mr von der Heyden's experience leading a variety of large, successful companies would be a big asset. "And he knows PensiCo well enough to make a big contribution in a short time," Mr Enrico said.



Claudia Schiffer helping Pepsi in the war with Coca-Cola

of offer for Chateau

ROC Communities, the Colorado-based real estate investment trust (reit), yesterday appounced that it had improved its offer to merge with Chateau Properties of

The announcement in July of a friendly mergar by the companies led to a tangled bidding situation. Two other reits have made bids for

Market attention has been drawn to the sector, which has not seen a hostile bid for many years, mainly because bidders are deterred by the complex tax and legal problems which are involved.

Chateau's board said it approved the amended agreement with ROC, which involves several technical

and legal changes. The merger now only needs the approval of a majority of the Chateau common shareholders who vote, rather than teau's partnership interests to convert their units into Chateau common stock on a

tax-free hagis. The companies said they hoped to complete the merger "as soon as possible", aubject to approval by shareholders of both compa-

Manufactured Home Communities, of Chicago, had made a tender offer valuing

Chateau at \$26 a share. The company said yesterday that it remained in the bidding. Michigan-based Sun Communities has also made an

offer for ROC.

ROC improves terms | Laidlaw to receive \$1.7bn from sale of solid waste unit

By Bernard Simon in Toronto

Laidlaw, the Ontario-based law as the largest single pete with WMX and Browwaste and transport services shareholder in Allied, with a ning-Ferris Industries, which two-thirds of all the company's outstanding shares. It also allows holders of Cha
waste and transport services shareholder in Allied, with a ning-Ferris Industries, which group, will receive almost 20 per cent stake. The acquidominate the North American also allows holders of Cha
US\$1.7bn in cash and securisition enables Allied to can industry. ties for its solid waste business from Allied Waste Industries of Arizona.

The sale, which involves more than a quarter of Leidlaw's annual revenues. Will tilt the company more heavily towards school-bus and ambulance services, where the bulk of its expansion has taken place in recent years.

However, Mr Jim Bullock, chief executive, said yesterday that Laidlaw remained committed to its hazardous waste business, the biggest in North America. "We think we have a very attractive

The deal will leave Laid-

expand its solid waste business beyond its present base in the mid-western and southern US. The purchase price

includes \$1.2bn in cash, 14.6m Allied shares and \$810m in other securities partially convertible into, or payable in. Allied shares. Mr Bullock described the deal as partly opportunistic

and partly strategic. The purchase price is equal to about eight times cash flow, which is considerably more than Laidlaw has paid for solid-waste acquisitions. But Laidlaw also chose to

sell rather than commit itself to the substantial Laidlaw, which is con-

trolled by Canadian Pacific,

the Montreal-based conglom-

erate, will post an after-tax

gain of about \$600m from the

sale. Cash proceeds will be used to reduce debt from \$1.8bm to about \$500m. Mr Bullock said that Laidlaw, which has equity capital of \$2.9bn, wanted to expand all three of its remaining businesses. namely, hazardous waste, ambulance services and

school bus transport. Laidlaw shares climbed 95 cents to C\$15.25 in early Toronto trading yesterday.

Royale Belge up

second-largest insurance and banking group, said yesterday it would use BFr4bn (\$128m) net proceeds from the sale of its stake in Tractebel, the energy group,: partly to fund expansion plans - possibly outside its traditional market of the

the Benelux region, announced yesterday a 18.7 per cent increase in first-half net profits, from BFr4.45bn to BF15.07bn. The results announcement

France's Compagnie de Suez owns nearly 63 per cent, is paying BFr14,500 a share, or BFr49bn, for the combined Mr Jean-Pierre Gérard,

Royale Belge managing director, said the insurance group would use the proceeds of the sale partly to cover the forecast BFr800m costs of transition to a single European currency and of preparing information tems for the switch to the year 2000.

had also been reduced.

non-life insurance was making "satisfying" DIORIESS. subsidiary, Ippa, benefited from improved interest rate margins and efforts to cut costs. Overall group costs

Royale Belge is controlled

The Belgian banking

by French insurance group UAP and Belgium's Groupe Brunelles Lambert, with 30 INTERNATIONAL NEWS DIGEST

Aerospatiale back in profit early

Aerospatiale, the French state-owned aerospace group, yesterday provided a fillip for the French government by confirming it had returned to the black much earlier than originally expected.

However, the company said it expected the full-year contribution to operating profit from its Airbus activities to be "a little under" last year's level of FFr1.08bn. This was because of a raduction, in comparison with last year, in the number of long-range aircraft it expected to deliver. Overall, the group reported first-half net profits of FFr278m (\$53.84m) against a loss of FFr105m in 1995. Turnover slipped to FFr23.11bn from FFr24.63bn.

Mr François Auque, finance director, said the results showed the first fruit of the sweeping restructuring the group has undergone in recent years. He trumpeted the FFr29bn reduction in the company's debt load, achieved in the last six months. This had resulted in the group's gearing - which stood at 83 per cent at the end of the first half - falling below 100 per cent for the first time in the 1990s. The group indicated that full-year net profits could be about double the first-half figure if the French franc/ US dollar exchange rate is similar to the rate in the first

Renault cost-cutting on target

iniChem -

lesm biddir

í±.

Bordorpe des

gigrowth "

Renault, the French carmaker, is "on target" to meet its goal of reducing its average production cost per car by FFr3,000 - or roughly 8 per cant - by the end of next year, Mr Louis Schweitzer, chairman, said yesterday in an interview in Chantilly, north of Parls, with FTTV.

The move – originally announced in March – is designed to slash costs by FFr4.5bn (\$880m) a year. Less than a week after he confirmed the group expected to incur a full-year loss, Mr Schweitzer also hinted that Renault was considering further international expansion.

While it was important to "have a national car. a national identity", the company's presence in markets outside France was "not as strong as it could be", he said. The company "did not have a sufficient presence in Asia". Earlier this month, Renault formed a joint venture with three Malaysian companies and South Korea's Hyundai to manufacture vans and light trucks. David Owen

Weaker rand helps Sasol

Sasol, the South African synthetic fuels producer, showed the benefits of the weaker rand by announcing a robust increase in full year profits. Operating profit from synthetic fuel operations was 23 per cent higher at R1.51bn (\$336m), as domestic oil companies switched from crude-oil imports to Sesol fuels manufactured from

Turnover rose 18.8 per cent to R13.5bn for the year inded June 30. Exports of fuels, fertiliser and petrochemicals boosted foreign sales by 78 per cent to R3.1bn from R1.7bn previously. Earnings per share rose 22 per cent to 393.1 cents. The final dividend was 20 per cent higher at 69.5 cents, bringing the total for the year to 122.5 cents. Analysts said the results were in line with Mark Ashurst, Johan

Iscor hit by falling demand

Iscor, the South African steel producer, announced a drop-in full-year profits and warned of a farther decline pending a recovery in international steel prices. Net ncome before exceptional items fell 15 per cent to R620m (\$138m), as local demand fell and fixed-price forward . . .

contracts offset potential gains from the weaker rand. performance would be "substantially down" this year, reflecting a further decline in domestic economic conditions." Results for the year-to June 30 were bolstered by an exceptional R233m from an insurance payout, and adjustments to the industrial portfolio. Turnover was 4 per cent higher at R11.6bm (R11.1bn).

Tabacalera agrees Koipe deal

Tabacalera, the state-controlled Spanish tobacco company, said it had agreed to sall its stake of almost 10 per cent in Koipe, the country's leading edible oil concern, to Kridania Béghin-Say, part of the Ferruszi group, for Pta6.2bn (\$48.6m).

The deal, which increases the Italian group's holding in Koipe to about 76 per cent, virtually completes Tabacalera's withdrawal from the food sector in order to concentrate on its core tobacco business. It said it was also in advanced negotiations to sell its 4.6 per cent stake in the Spanish sugar refiner Ebro Agricolas. Ebro sold its own 4.8 per cent stake in Koipe to the Ferruzzi group earlier this year. Tabacalera obtained its minority holding in Koipe as a result of a merger two years ago between Koipe and rival edible oil company Elosúa.

Wide interest in OTE venture

OTE, Greece's state telecoms company, said yesterday that 15 North American, Asian and European operators were interested in a joint venture to set up the country's third mobile telephony service.

OTE is offering a 25 per cent equity stake and nanagement rights for a new DC1800 cellular system, to be launched early next year. It said a shortlist of half a. dozen operators would be selected next month. CS First Boston and Alpha Finance, the Greek investment bank, are advising on the Drizobn (\$498m) project. Kerin Hope, Athans

AFX News, Rome

Zurich Insurance ahead 32% Zurich Insurance, the Swiss insurance group, said its : first-half net profit rose 32.7 per cent to SFr576.4m (\$480.30m). It did not give a comparative figure, as this was the first time it issued a first-half net profit figure. The company said it expected full-year net profit to be much better than its 1995 net profit of SFr874.1m.

AFX News, Zurich: Banco di Napoli cuts loss

Banco di Napoli, the Italian bank, posted a pre-tax first-half loss of L674bn (\$441.7m), against a deficit of L1.560bn last year. The bank said deposits were down 25.4 per cent year-on-year to L58,669bn, and credits fell 25.7 per

AFX News, Naples IRI warns of deficit IRI, the Italian state holding company, said it was

forecasting a 1996 parent net loss of L2,900hn (\$1.9bn) compared with a year-earlier loss of L345bn.

■ CORRECTIONS Pathé

Not income for the first six months of this year at Pathe, the French media group, was FFr132m (\$26.03m) compared with FFr40m for the first half last year, not as reported in yesterday's FT. Liberation, the French newspaper now controlled by Pathe, has a valuation in Pathé's accounts of FFr61m.

The country of BP in yesterday's survey of Europe's most respected companies should have been stated as UK.

MINORC

NOTICE TO HOLDERS OF BEARER SHARE CERTIFICATES PAYMENT OF COUPON NO. 18

With reference to the names of internal devices of adversard in the previous September 12, 1996 the following mioriustion is published for the guidance of holders of bearer share certainnes. The dividend of 21 cents was declared in United States currency. The dividend will be paid on or after Cytober 31, 1996, against surrender of Coupon No. 18 detached from bearer share serializates as follows: (a) at the offices of the Corporation's Commental paving as Banque Génerale du Luxembourg 14, rue Aldrugen Crédit du Nord

Grand Pricty of Lusernhoung Frake (i) as the Registrar's Department of The Royal Bank of Scotland Pk., Fret. Floor, 5-10 Great Tower Street, Lundon EC3R, 5ER, Unless persons depositing consour at such office request payment in United States dollars in with a case they must comply with any applicable Exchange Control regulations), payment will be made in the United Kingdons.

the United Kingdom currency equivalent of the United States currency value of the devidend on October 15, 1996; or (u) in respect of coupons lodged on or after October 25, 1996, at the prevailing rate of exchange on the day the proceeds are remitted to the Registrar's Department of The Royal Bank of Scotland Pk m

in in respect of coupons ladged on or prior to October 24, 1996, at

Coupons must be left for at less four clear days for examination (eight days if payment in United States currency has been requested) and may be presented any workday (Saturday excepted) between the hours of 10 a.m. and 3 p.m.
Unuted Kangdom income can will be deducted from payments on any person
in the United Kangdom in respect of coupons deposited at the Registrar's
Department of The Royal Bank of Scotland Ple in London, unless such
coupons are accompanied by Inland Revenue non-residence declaration
forms. Where such deduction is made the net amount of the deviatingly above
them. It was a final processor of the deviatingly after
the many latest processor of the deviatingly after the deviatingly after
the many latest processor of the deviatingly after the deviatingly after
the many latest processor of the deviatingly after the deviation of the deviatingly after the deviation of the deviatingly after the deviatingly after

deducing United Kingdom income tax at 21% will be 16.80 ceres (United In the case of payments made in United Kangdom currency the sterling equivalent of the net dividend will be calculated in accorda-

regulations are the second of the control of the companies of the father will be available from the Registered Office of the Corporation and the offices of the passing agents referred to above on or about September 21, 1996.

Secretary September 19, 1996

R.C. Luxensbourg No. B12139



USD 300,000,000 **Revolving Credit Facility**

Chase Investment Sank Limits

CHASE

£75,000,000 HMC FINANCING 3 PLC Mortgage Backed Floating Fiate Notes due December 2018

For the Interest Pariod from September 17, 1998 to Decembe 17, 1998, the Note Rate has been determined at 6,26408% pa annum. The Interest payable on the By: The Chase Manhatta Loades, Asset Bask September 19, 1996

Year 10,600,600,600 Marabeni International Finance ple Boro Yes Gustanteed Notes due 1998

Enskilda

Pur the puried from September 2, 2005 to March 19, 1997, the Notes will energy an interest rate of 1,056995 per annum with an interest amount of Yen 500,275 per Yan 100,000,000 Note. The relevant interest payment date will be Moreb 19, 1987. n ·

BANQUE PARTIAS

13.7% midway Netherlands-based

By Half Buckley

Royale Belge, Belgium's

Benelux countries.

The group, which offers a range of financial services in

was postponed by a day when it was confirmed on Tuesday that Royale Belge's 4.29 per cent stake in Tractebel was to be sold, along with the 20 per cent held by Groupe Bruxelles Lambert, Belgium's second-largest holding company, to GBL's bigger rival, Société Générale de

delgique.

La Générale, of which 25 per cent stake.

But other possibilities included increasing its 51 per cent of shares traded per cent stake in the publicly.

COMPANIES AND FINANCE: UK

Exceptional charges put Hunting £14m in the red

And a section of the law of the l

ing on targer

15 5350

g demand

, Kaipe desl

11 ventore

the aid 32"

11 - 1120

Hunting, the defence, aviation and oil services group, yesterday announced its first losses for more than a decade after writing off \$40.5m (\$63m) on its aircraft interiors business.

The group blamed inadequate cost controls and volatile demand at the civil air-craft subsidiary for pre-tax losses of £14.2m in the six months to the end of June. It made profits of £15m last

Although sales rose from £565.8m to £627.9m, Hunting said the unprecedented losses had persuaded the board to withhold the interim dividend.



Losses per share were 32-1p, against earnings of 5.7p. The figures would have

been worse had it not been for a 27m exceptional profit on the disposal of its oil-industry construction busi-

That offset operating osses of 235.7m in the aviation division, where Hunting set aside £30m to cover cost overruns on a contract for de Havilland and a £10.5m write-down on its investment in British Aerospace's Jetstream 41 aircraft.
Mr Ken Miller, chief executive, said four executives

had left since the problems were discovered. "Our internal controls were not implemented and we faced a massive logistical

While admitting the first

beadache," he said.

half had been very difficult, Mr Miller predicted it was a one-off decline and the group would return to "normal He pointed out that before provisions and exceptional items, underlying profits rose from £15m to £19.3m. The improvement was

fuelled by increased profits of £11.6m (£8.5m) in the oil division, mainly due to strong performances by its portation operations.

Profits rose modestly from £7.2m to £7.4m in the defence division.

Excluding the £40.5m provisions, the aviation division would have shown underlying profits of \$4.8m (£3.3m).

UniChem spent £15m bidding for Lloyds

UniChem, the wholesale and retail pharmaceuticals group, admitted yesterday that its attempts to capture Lloyds Chemists had cost nearly £15m (\$23m) so far.

Most of the costs have come from underwriting fees for the £630m cash-and-paper bid which, together with a rival offer from Gene, the German pharmaceuticals group, was referred to the competition authorities.

Mr Jeff Harris, UniChem chief executive, said the group expected to hear from the Department of Trade and Industry by the end of the month. Both bidders have submitted plans to dispose of Lloyds' wholesale business, as recommended by the Monopolies and Mergers

Although he refused to say whether UniChem would rebid, Mr Harris said the logic behind the takeover strategy was unchanged. The acquisition of Lloyds would accelerate our growth-strategy."

Chem reported a 12 per cent rise in half-year pre-tax prof-its to £24.2m, which included the £900,000 cost of holding a 10 per cent stake in Lloyds. Operating profits rose 18 per cent to £27.4m.

The increases came on sales growth of only 3.4 per cent to 2718.6m. While the comparisons were against a weak first half last year, Mr Harris said the company had resisted the trend towards discounting, particularly in the wholesale business. As a result, operating margins had improved in the division from 2.7. per cent to more

than 3 per cent.

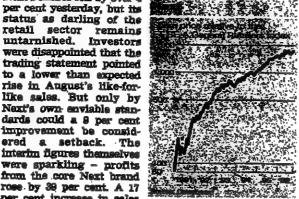
Retail margins also improved and operating profits rose by 88 per cent to 26.9m, despite variable trading conditions.

Gearing, which would have stood at 4 per cent, jumped to 52 per cent as a result of the £87.7m cost of buying the Lloyds stake. ! Underlying earnings per share_rose_14 per cent to

LEX COMMENT

Next

Next's shares fell by over 4 per cent yesterday, but its status as darling of the retail sector remains untarnished. Investors were disappointed that the trading statement pointed to a lower than expected rise in August's like-forlike sales. But only by Next's own enviable standards could a 9 per cent improvement be considered a setback. The interim figures themselves were sparkling - profits from the core Next brand



per square foot in its stores must be the envy of most of its competitors. As ever with Next, the question is whether this rate of progress can be maintained. There are solid grounds for confidence. The consumer is helping; spending on clothes, shoes and textiles is growing at the quickest rate for a decade. Management is also taking steps to ensure longer-term growth. The plan is to increase selling space at about 5-6 per cent a year, without opening more stores; sales density should continue to rise, while the home sales Directory offers good growth potential and healthy margins. With success overseas proving abusive, the low-risk franchising approach is a sensible route to go. In the absence of any convincing seculation candidates, the group is right to stick to its knitting while lifting the dividend generously. The share remains at a slight premium to other clothing retailers, a rating amply justified by its superior performance and considerable unrealised brand potential.

Cordiant

Cordiant, the advertising group which includes Saatchi & Saatchi, yesterday announced its acquisition of the outstanding 47 per cent minority interest in Sastchi & Santeiri Prance.

Cordiant purchased the tranche from current and former employees and directors for FFr171m (\$33.72m). Since 1993, Cordiant has assumed control of Bates Spain and Scholz & Friends

Bowthorpe demands double French buy digit growth of subsidiaries

Bowthorpe, the electrical components manufacturer, yesterday vowed to sell underperforming businesses as part of a year-long strategy review.
The company, announcing

a 7 per cent increase in firsthalf profits, hinted it would not retain businesses that failed to produce double digit profits growth.

more aggressive acquisition strategy to fill in the "white spaces" in some product areas. "We are looking for larger acquisitions than we have done in the past."

Mr Brookes was speaking after Bowthorpe reported increased pre-tax profits of the stx months to June 30.

many, where the company is heavily exposed to the construction sector, and the sluggish demand from semiconductor manufacturers. Profits were also held back by a 22.1m restructuring

charge an unnamed UK sub-Those difficulties were more than offset by strong growth in the US, where profits rose from £8.7m to £12.6m - including contribu-

£42.5m (\$66.8m), compared with £39.6m, on sales up from £234.2m to £270.5m in He said the figures were Mr Nicholas Brookes, chief pleasing given the difficult tions of \$2.2m from new

executive, also signalled a market conditions in Gerin Germany. RESULTS 0.133 (0.228) 10.53 (8.37) 10.53 (8.37) 10.53 (8.37) 10.53 (8.37) 12.47 (3.364) 12.47 (3.364) 12.22 (30.9) 12.4.6 (45.8) 12.2.2 (10.4L) 12.35 (2.51) 14.21 (15) 12.15 (15.1) 10.671 (0.581) 10.9 (2.9) 10.9 (2.9) 1.06 (0.609) thorps _____ 6 mins to June 30 thorps _____ 6 mins to June 30 thorps _____ 6 mins to June 30 th Blotsch _____ 3 mins to July 31 42.47 8.03L 27.2 24.6 19.2L 2.35 14.2L 21.5 0.67L 3.69 4.81 2.49 10.9 1.06 British Biotech 3 miths to July 31 Britannic Assur 6 miths to June 30 Brysert Group 6 miths to June 30 Degenhern Motors 6 miths to June 30 Hunting 7 miths to June 30 Mithiand Ind News 6 miths to June 30 Mith British Mithia 5 miths to June 30 Mith Instruments 5 6 miths to June 30 Mith Instruments 5 6 miths to June 30 Mith British 31 (-) (519) (458) (134) (184) (16.8) 6 miths to June 30 4.36 . 6 mins to June 30 . 6 mins to June 30 . 6 mins to June 29 (4.11) (1.82) (308) (215) 0.160 10.6 8.05 _ 6 mins to June 30 ___ Year to June 30 22 2.5

(4.17) (16.8) (695) (468) (36.8) Total last Gartamore Scottand _____ Year to July 31 268.3 (268.4) 1.51 (1.47) 11.18 (10.86) '3.5 10.5 Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. VAfter exceptional credit †On increased capital. Aim stock SUSM stock to Res

(3.66 (21.7 (24.4)

SGA SOCIETE GENERALE ACCEPTANCE N.V. FRF 1.000.006.006 REVERSE PLOATING RATE NOTES DUE DECEMBER 17, 1997 ISIN CODE: XS0039906721 For the period September 18, 199 December 18, 1996 the new rate as been fixed at 21,4375 % P.A. Next payment date: December 18, 1996

8 mins to June 30 5.02 6 mins to June 30 17.1

Compon nr. 15 FRF 5 418,92 for the of FRF 100.000

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE INK & TRUST LUXEMBOUR

SOCIETE GENERALE SUBORDINATED FLOATING RATE NOTES DUE 2001 IST CODE : INSURANCE September 18, 1996 m December 18, 1996

the new rate has been fixed at 3.75 % P.A. Next payment date: December 18, 1996 Conson ar: 23 FRF 189,58 for the tion of FRF 20.000 THE PRINCIPAL PAYING AGEN

BANK & TRUST LUXEMBOUR

SGA SOCIETE GENERALE ACCEPTANCE N.V. REVERSE FLOATING RATE NOTES DUE DECEMBER 199 ISIN CODE: XS0040631805 For the period September 17, 1996 to December 17, 1996 the new rate has been fixed at 15,625 % P.A. Next payment date: December 17, 1996 Conpon ur: 15. FRF 3 949,65 for the on of FRF 100,000

issision of FRF 1,000,000

HE PRINCIPAL PAYING AGENT

BANK & TRUST LUXEMBOUR

or the period September 18, 1996 December 18, 1996 the new rate has been fixed at 3,6875% P.A. Next payment date: December 18, 1996 Coupon ar: 25 Amount: FRF 93,21 for the conination of FRF 10.000 FRF 932,12 for the conination of FRF 100.000 THE PRINCIPAL PAYING ACRIN

COMPACNIE BANCAIRE

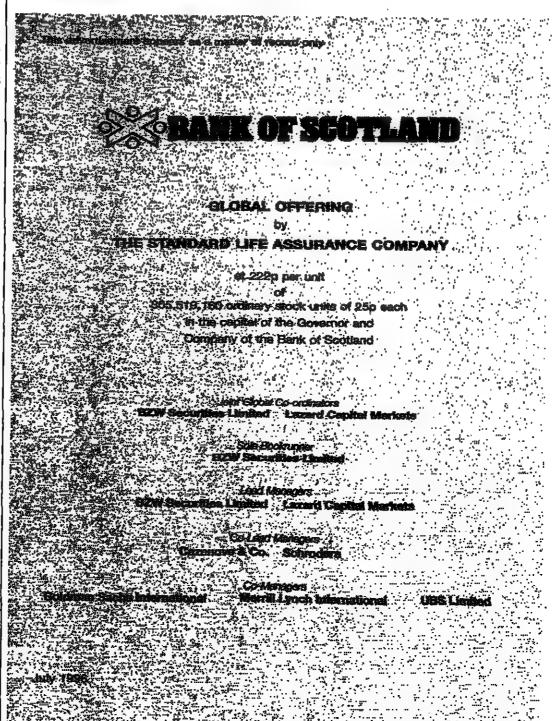
4.5会杀

Lecinology

19

You'll always find Belleli Group on the market thanks to banking and creditors.





INVESTMENT BANKING, FROM A TO





Interimdividend 1996

The Board of Management of Royal PTT Nederland NV (KPN) has set the 1996 interim dividend at NLG 1 .- per ordinary share in cash.

The Board has declared that

62 dividend rights will entitle shareholders to one ordinary share of NLG 10.- par value. The number of dividend rights has been established based on the closing price of KPN shares on the Amsterdam Stock Exchange on September 16, 1996.

Depending on the form of payment previously elected by each shareholder. the interim dividend will be paid out to auch shareholder either entirely in cash or entirely in ordinary shares. Payment in ordinary shares may be charged against the additional paid-in capital or, if the shareholder so elects, against the

The interim dividend will be payable on September 30, 1996.

in exchange for 62 dividend rights the holders of ordinary shares who have opted for payment in shares will receive one ordinary share of NLG 10.- par value, entitling them to a partial share of the 1996 net income and a full share of the net income in subsequent years. Dividend rights must be submitted to ABN AMRO Bank N.V. in Amsterdam, ING Bank N.V. in Amsterdam or Rabobank Nederland in Utrecht.

Shareholders who have opted for a dividend in cash will receive NLG 1 .on their dividend rights, less 25%

Holders of ordinary shares will receive payment of the dividend in the form previously elected through the institutions where the dividend sheets were held in deposit at closing time on September 17, 1996.

The member firms of the Association for Security Transactions will receive the compensation stipulated in the 90-56 circular to enable shareholders to exchange their dividend rights free

The Board of Management

Graningen, September 17, 1996

Crédit local de France GENERAL MEETING OF BONDHOLDERS Notice of Meeting

ror me purpose of the alliance with Crédit Communal de Beigique. Crédit local de France will transfer to its subsidiary Local France all of its assets and liabilities, including all bonds issued by Crédit local de France.

The prantieres of this asset has been described. The transferee of this asset transfer, will have the same asset and liabilities which CLF currently has, and at the date of the transfer will take the trade ame of "Crédit local de France", the existing Crédit local de France be

ents have not been goet on September 16, 1996. Holders of the bonds listed below, issued by Crédit local de France. Lead Manager and Fiscal Agent Banque Paribes Luxembourg

- LUF 2,000,000,000 7.875% Oct 1994 Oct 1999 (ISIN Code XS 00 52827648) LUF 1,600,000,000 8% Dec 1994 - Dec 2000
- (ISIN Code XS 00 53848346)
- end Manager and Fiscal Agent Krediethank S.A. Lux LUF 1,000,000,000 10% Mer 1991 - Mar 1998 private pl
- LUF 1,000,000,000 7,615% May 1995 May 1999 (ISIN Code XS 00 5633845)
- Lead Manager and Fiscal Agent Banque Générale du Luxembourg S.A.
- LUF 2,000,000,000 6.7% Aug 1995 Oct 2000 (ISIN Code XS 00 58356824)
- Lead Manager and Fiscal Agent Banque Internatio Luxembourg S.A.
- LUF 2,000,000,000 6 5/8% Nov 1995 Nov 2002 (ISIN Code XS 00 60495164)
- LUF 3,000,000,000 6 3/8% Jan 1996 Jan 2003 (ISIN Code XS 00 62353445) LUF 2,000,000,000 53/4% Mar 1996 - May 2003
- (ISIN Code XS 00 63591837) tre invited to attend the General Meeting to be held on October 3, 1996 a nque Internationale à Luxembourg S.A. 69, route d'Each, L-1470 rembourg, at time 2.30 p.m. in accordance with article 308, of the French
- law of July 24, 1996 the agenda of the meeting will be as follows: Board of Director's report on Crédit local de France's project to transfer all of its attacts and liabilities to its subsidiary Local Finance.
- lividers of bearer bonds must obtain a certificate attesting that their securitie are held in a blocked account from the bank, stock or institution managin their account at least (5) days before the date of the General Meeting. Proxy forms will be sent to bondholders upon request from the Finance

The board of Directo

MERRILL LYNCH EQUITY/

CONVERTIBLE SERIES

Société d'Investissement à Capital Variable Registered Office: 69, route d'Esch, Luxembourg R.C. Luxembourg B-29815

NOTICE TO SHAREHOLDERS

Shareholders are kindly invited to amend the general meetings to be held at the offices of Banque Internationale à Luxembourg S.A., 69, route d'Esch, Luxembourg on Friday, 27th September, 1996, at 4.00 p.m. with the following agencia:

- Annual general meeting ("AGM"):

 1. Reports of the Directors and of the Independent Auditor on the annual accounts for the period ended 31st May 1996;
- 2. Approval of the audited somel accounts at 31st May 1996; :
- 3. Declaration of dividends (if any) as recommended by the Directors
- 4. Ratification of the co-optation of a Director;
- 6. Election or re-election of Directors and re-appointment of the
- Approval of the same retrumeration of the non-affiliated Directors;
- Extraordinary general meeting ("EGM"):

 1. Approval to change the fiscal year end from May 31st to August
 31st.beginning as of the fiscal year starting June 1, 1996, and
 decision to entend the transitory fiscal year from June 1, 1996, to
 August 31, 1997;
- Amendment of Article 25 to reflect such change and of Article 10 to set the AGM to the second Priday in December, for the first time in 1997;
- Amendment of Article 20 to Increase the minimum sizes of the Company's, respective of his Portfolios', assets (presently at U.S.\$10 million, respectively, to U.S.\$3 million) to be terminated or merged by decision of the Directors in certain cases, so as to allow such decision(s) upon the assets of the Company falling for 30 consecutive days below U.S.\$25 million or the assets of a Portfolio falling for such decision below U.S.\$15 million.

Shareholders are advised that the ordinary annual general meeting requires no quorum of presence and decisions may be approved by a simple majority of the shares present and/or represented. In respect of the extraordinary general meeting, a quorum of 50 percent or of one-half of the shares issued is required at the first meeting and decisions may be approved by a two-thirds majority of the shares present and/or represented. If no quorum is reached, a second meeting would be convened which may decide without quorum requirements at the same two-thirds majority.

COMPANIES AND FINANCE: UK

Next shares slip in spite of 12% rise in interim profits

By Christopher Price

Strong high street demand and the growing popularity of home shopping helped Next, the retail group, post a 12 per cent rise in pre-tax profits to £56m (\$87.4m) in the six months to the end of

The rise was masked by an exceptional gain in last year's figures and operating profits rose 31 per cent to

Turnover rose 22 per cent to £406.4m. However, disappointment

among some analysts over the rise in like-for-like sales, concerns over the consumer recovery and profit-taking combined to knock the shares, down 25.5p to 274.5p. Next's cash pile rose from £119m to £148m but Lord Wolfson of Sunningdale, chairman, was quick to damp speculation that Next

was building up a war chest "Our cash position is only

5 per cent of our market cap-italisation and supports our very progressive dividend policy. It also gives us flexibility for any other opportunities, such as the investment in our new distribution centre."

below analysts' expectations,

He also dismissed sugges-

tions of a tie-up between Next's mail order business and the catalogue division of Great Universal Stores, a company he also chairs. The high street retail busi-

ness lifted operating profits 37 per cent to £30.1m on sales up 28 per cent at £273.2m. Mr David Jones, chief executive, said the retail environment was improving, although trading remained "challenging" in some areas, Like-for-like sales rose 9 per cent, slightly

Next added an extra four stores year-on-year, and improved'sales per square foot from £224 to £263. Lord Wolfson said that, with 306 operating profits 42 per cent stores, the group had to 211.8m on sales 23 per

David Jones: trading remains challenging in some areas

space and expanding, where possible, existing stores. Further growth was predicted for the Next Directory business, which increased

point in the UK and the chal-

cent higher at £90.4m. Next reached near-saturation has also begun a personal loan scheme which had lenge was in better use of attracted £20m of business in its first few months.

The company experienced mixed results overseas, despite sales growing 31 per

Biotech

works on

Lex, Page 19

Fall in price of copper costs Wassall £8m as it slips 8% to £22m

Falling copper prices cost Wassall 28.1m in the first half of 1996, leaving pre-tax profits at the conglomerate 8.2 per cent lower at £22.4m

But a 32 per cent rise in underlying operating profits, a 35 per cent interim dividend increase to 2.1p, and an upbeat statement helped the shares rise 15p to 307%p.

Brokers said that despite the setback from copper prices. Wassali was still showing strong earnings growth. "These were very, very good results," said Mr Robert Morton of Charter-

- Mr Gooff Allum of Hender son Crosthwaite said: "We" that, by value. " copper stock profits on the are based on the previous vay up and the market is day's copper price. So the

The directors of Kepit are.

coming under pressure to

publish full details of their

plans to break up the £500m (\$780m) fund. If they do not,

investors may instead opt to

accept a hostile hid for Kepit

from a rival fund, TR Euro-

In a move designed to

ward off the Treg bid. Kepit,

the Kleinwort European Pri-

vatisation investment trust.

announced two weeks ago

its intention to break up the

fund and pay cash back to

But Treg has refused to

withdraw its bid and contin-

By Roger Taylor

nean Growth.

Despite its difficulties over raw material prices. General

Cable, the US manufacturer of household wiring and telecoms cables acquired in June 1994, now accounts for the lion's share of Wassall's profits. It recorded a 54 per cent rise in operating profits, to £17.9m. Its sales were £345.5m in the six months to June 30, against 2497m for the group as a whole.

Since December 1995, copper prices have fallen from 185 cents a pound to about 95 cents - a similar level to that prevailing in mid-1994. General Cable buys some

\$300m of copper a year and stocks and work in progress amount to about a quarter of have -consistently ignored ---- - Prices of finished-products

Pressure increases on

Kepit to detail its plans

One large investor in

Kepit said yesterday it had

decided to accept the Treg

bid, because the directors

were taking too long to pub-

lish their plans. The inves-

tor, a large institution which

did not wish to be named, holds less than 3 per cent of

Most institutional inves-

tors are still thought to be

against the Treg bid. At the first closing date for the bid

only 1.02 per cent of share-holders had accepted.

Kepit described the result

as dismal, but Treg has 4 per cent.

ignoring them on the way risk of any rise or fall in nology" companies, he said.

performing

ues to challenge Kepit to decided to keep its bid open publish full details of its pro-

manufacturar of household fillers and sealants, lifted operating profits by 29 per cent to £4.5m. The closures business, which produces 7bn plastic and aluminium bottle caps every year, saw

copper prices between the

Aided by lower prices,

demand for cable is now ris-

ing strongly, said Mr Christopher Miller, chief execu-

tive. DAP, Wassall's US

beginning and and of the manufacturing process is

taken by Wassall.

operating profits stand still Mr Miller said the company's outlook was "very positive and gives us great confidence for the future". With net debt set to fall below 230m by the year end, Wassall was well placed to spend up to £200m acquiring more

Both Kepit and Treg are

offering to sell off the fund's

assets and pay cash back to

shareholders. Both are also

offering shareholders an

alternative investment fund.

However, the winning plan

will be the one which pays

Kepit's plans involve lower

costs than 'Treg's and so are

expected to produce more

cash. Because the break-up

plans involve selling a large portfolio in one go, the

assets will have to be sold at

a discount to the market

price, likely to be about 3 or

the highest cash value.

pig clone By Simon Kuper

group

Scottish biotechnology company that genetically engineers sheep to produce medicines in their milk, is hoping to announce a collaboration with a British academic group offering new technology to prevent humans from rejecting pig hearts, kidneys and possibly

国立大

4 342 PM

GRACTH & FEMA.

Jan 2 - 11

the state of

Property Con

3121

PPL Therapeutics, the

PPL, which floated in June and has produced a cloned sheep called Tracy, aims also to clone pigs with organs suited to humans.

Mr Ron James, managing director, seid zenografis animal-to-human trans-plents — could be potentially more significant' for PPL than its lead product AAT, with applications in

Mr James said US companies would probably achieve the first pig-to-human transplants in about two years. However, he added: "Our second generation products may be better than their first generation."

The waiting list for organ transplants was 20 times longer than the number of people who received trans-

The number of organs available for transplant had fallen since motorcyclists had been made to wear helmets, he said. US hospitals charged each other about \$15,000 per organ for transplants.

The company hoped to find a marketing partner for AAT "somewhere at the end of 1997 or in 1998". AAT was expected to reach the market in about five years. The company announced a pre-tax loss of £1.69m (£687,000 profit) on sales down 35 per cent at £2.18m

for the first half of 1996.

The Financial Times plans to publish a Survey on

Spanish Banking and Finance

on Tuesday, October 15.

For more information on advertising opportunities in this survey, please contact:

Ewa Placzek-Neves

Tel: +44 (0) 171 873 3725 Fax: +44 (0) 1717 873 3934

or Edward Macquisten or Maria Gonzalez: Tel: +341 337 0061 Fax: +341 337 0062

or your usual Financial Times representative.

FT Surveys

NOTICE TO BONDHOLDERS OF Acer Incorporated US\$45,000,000 4 per cent. Bonds due 2001 (The "Bonds")

Further to the notice to Bondholders dated May 13, 1996 relating to the conversion of the Bonds, this is to inform you that the Shares or Entitlement Certificates received upon conversion of the Bonds may, at the election of Bondholders, be deposited into a depository receipt facility in exchange for global depository receipts ("Share CORE", temporarily, the Entitlement Certificate GDRs) each representing 5 shares of Acer Incorporated the "Company"). The Company has obtained permission from the ROC Securities and Enchange Commission for the shares received upon conversion of the Bonds to be deposited into such depository receipt facilities and Share GDRs issued. Regarding the conversion of Bonds into Share GDRs, ple the following:

ifollowing:
The Company and Ciribank, N.A. New York, as depositary, have executed (i) a Deposit Agreement dated as of November 1, 1995 ("Share Deposit Agreement") and (ii) an Entirlement Certificate Deposit Agreement, dated as of August 26, 1996 ("SC Deposit Agreement"). Copies of the Share Deposit Agreement and the SC Deposit Agreement are available for inspection at Ciribank, N.A., 111 Wall Street, 5th Floor/Zooe 2, New York, New York (10043, U.S.A.)

Deposit Agreement are available for inspection at Ciribank, N.A., 111 Wall Street, 5th Floor/Zooe 2. New York, New York 10043, U.S.A. Upon compliance with the terms of the EC Deposit Agreement, ECs issued upon the conversion of Bonds may be deposited with Ciribank. N.A. New York, as depositary moder the EC Deposit Agreement (the "EC Depositary"), for the issuance of Global Deposit Agreement (the "EC Depositary"), for the issuance of Global Deposit Agreement (the "EC Depositary"), for the issuance of Global Deposit Receipts each representing five BCs ("EC GDRs"). Upon the issuance by the Company of Share certificates in exchange for the deposite ECs, the EC Depositary will take reasonable steps to deposit such Shares under the Share Deposit Agreement for the insuance of Share GDRs. When exercising their conversion right, the Bondholders should specify in the Conversion Notice (as defined in the Indenture) whether upon conversion of the Bonds they elect to receive Shares or to deposit methods to the Shares into the depositary receipt facility and receive Share GDRs. Failure to specify an option will be deemed to be an election not to deposit such Shares into the depositary receipt facility and receive Share GDRs. Failure to specify an option will be deemed to be an election not to deposit such Shares into the depositary receipt facility and to receive Shares (temporarily, Entitlement Certificates) only.

Por more information on the manners set forth herein, please contact the following:

Shareholders' Service Department
Aces' incorporated

Aper Incorporated
Tel: (02) 501-7506, Fext (02) 501-9162
Address: 5F, 135, Sec. 2, Chien Kuo N. Rd., Taipei, Taiwan, R.O.C. Address: 3F, 135, Soc. 2, Chien Kuo N. Rd., Taipei, Thiwan, R.O.C. Corporate Finance & livestment Management Acer Incorporated Tel: (02) 545-5299, Fax: (02) 719-8780
Address: GF, 156, Sec. 3; Min Sheng E Rd., Taipei, Taiwan, R.O.C. Securities & Trust Department Caibenk, Taipei Branch
Tel: (02) 547-7685, Fax: (02) 717-9209
Address: 4F, 52, Sec. 4, Min Sheng E Rd., Taipei, Taiwan, R.O.C.

CITIBANCO

₹ British Rail Proposed Sale of National Railway Supplies

rays Soard and is being offered for sale Based at Craws with subsidiery operations at York and Brighton, NRS provides a supply chain management and repair service to the rail industry in Great Britain including the supply of a wide range of signelling, telecommunication, permanent way and other

Key features of the bestiness

Provides a magnish supply service with all necessary design and specification requirements.

Provides a choice of new or service-exchange

Troubles a choice of new or service-exchange mers are contractors appointed by Referance PLC to maintain the railway infrastructure.

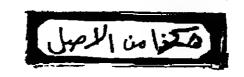
A warehousing operation at Crewe offering a 24-hour service with approximately 5,800 product lines available from stock.
Turnover (unaudited) year to 31 March 1986 £58M 270

Significant contracts with main customers up to

Further information about the business and the sale process will be made available to appropriate enquirers subject to a confidentiality undertaking. is advertisement is issued by the British Railways and and has been approved solely for the perpose Section 57 of the Financial Services Act 1986 by the Waterforms who are financial advisors to BRIS, ice Waterforms is authorised by the Institute of the Waterforms in England and Water to pay

Price Waterhouse





partially-unburnt fuel mixture.

Spark plug and injector loca-

tions designed in a way that con-

centrates the fuel mixture near the plug for instant combustion, but without risking the spark

being "doused" by the injection

process - one of the biggest

development burdles such

engines have faced.

The result of all this for the

A 25 per cent improvement in

fuel economy over a normal pet-

rol engine in urban driving con-

ditions, that matches a diesel

engine. This is due partly to a 40

per cent reduction in fuel con-

An 8 per cent consumption

improvement over a conventional

petrol engine at speeds over

In comparison with a similar

diesel engine, 85 per cent more

power, 12 per cent more torque, 7

per cent better overall fuel econ-

omy, lower emissions, an 8 per

cent weight saving and 40 per

Ford, for one, confesses puzzle-

ment at the claims for production

costs. Its own calculations indi-

cate an extra cost of \$200 (£128) to

\$400 a unit compared with a con-

ing "lean-burn" engines is an

ordinarily high level of emissions

of oxides of nitrogen. Mitsubishi

There is also some scepti-cism about emissions. One

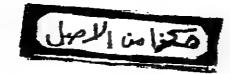
of the problems in develop-

ventional petrol engine.

lower production

driver, says Mitsubishi, is:

sumption when idling.



Biotech group Works pig clou

. .

4.35

: ...

18/40.15

ples

FINANCIAL TIMES THURSDAY SEPTEMBER 19 1996

viruses, such as those

Worth Watching · Vanessa Houlder



Order out of disorder

US researchers are using entropy, the natural tendency towards disorder, to create order on a microscopic scale. according to a report in today's

Nature magazine. When particles of two different sizes are dispersed in a liquid, there is an attractive force between the larger particles. As the larger particles approach one another. the extra volume created for the smaller particles serves to increase the system's entropy as a whole.

Scientists at the University of Pennsylvania and the University of California in Santa Barbara used this principle to show that patterns etched into the walls of a container create local "entropic force fields", which can control the movement of the larger particles at a range of tens or hundreds of nanometres.

The researchers believe that these effects could be used to make the highly ordered particle arrays required for such things as mask materials in microelectronics and materials for clinical DELLEYS.

University of Pennsylvania: US, tel 215 8988280; fax 215 8982010.

Cool head in theatre

The clothing worn by surgeons to protect them from infection during an operation can become uncomfortably hot.

3M has designed a material that allows heat to escape while maintaining a berrier to micro-organisms.

The material has two layers. one of which is a microporous membrane that separates small and large molecules. As a result, it forms a barrier to

responsible for Hepatitis B and Aids, while letting through water molecules that carry heat rway from the body. 3M: UK, tel (0)1344 858000; fax (0)1344 858278.

a minimize or an area of the transfer of the t

New line in telephones

A German telephone nanufacturer has designed a phone that doubles as a cordless and a mobile phone The phone uses normal lines in the home and a cellular network elsewhere. When close to home it automatically switches to the cheaper

mestic tariff. The chips for the different circuitry were integrated into a single module, which avoided the need to make the telephone bulkier and heavier. The equipment was developed by Hagenuk Telekom, with the Fraunhofer Institutes.

Fraunhofer Institute for Silicon Technology: German \$2117£19; for \$22117£250.

Lift which takes the strain

Getting up after a fall is often difficult for elderly or disabled people. Even a companion may be unable to help, as lifting somebody unnided puts a heavy strain on the bank.

The Brunel Institute of Bioengineering, funded by Action Research, a medical charity, has tackled this problem by designing a conventional lifting device that is about half the price of a hoist or lift and can be used in more confined spaces.

The Elevator has a plastic seat shaped so that that it take very little effort to roll the person on to it. The person is then swung into a seated position by inflating a bag underneath the seat, with the help of a hand pump or a motor. He or she can then be

helped to a standing position or transferred sideways to a The device, which will be manufactured by Cane & Able of Chestarfield, near Sheffield, will cost about £450 for the model with a manual hand pump, and £750 for the electric

pump version. Action Research, UK, tel (0)1408 210406; fax (0)1408 210541.

be long development road of the motor industry has been liftered with so-called -"miracle" engines, promising everything from perpetual motion to the ability to run on water.

Most have been swept into wayside rubbish bins, for the simple reason that significant advances in engine technology are overwhelmingly the result of painstaking, persistent and expensive further development of known concepts.

Now the world's first full production version of the "direct injection" petrol engine is going on sale in Japan, under the bonnet of Mitsubishi Motors' new-generation . Galant saloon and Legnum estate car ranges. Fuel is injected straight into the combustion chamber instead of into a pre-mixing chamber as with indirect injection, used in conventional internal combus-

tion engines. Mitsuhishi has high hopes that the engine's advanced characteristics will have such strong appeal to technology-obsesse domestic buyers that it will almost single-handedly revive the company's declining sales inside Japan, before going on to win substantial sales in export markets.

While the engine will make its debut in the Galant and Legnum, Mitsubishi is committed to spreading the technology to every vehicle it produces, including the Charisma and Volvo S4 cars built at NedCar, Mitsubishi's and Volvo's joint venture in the Netherlands.

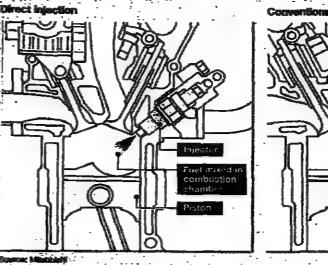
In spite of the often extravagant claims made for new engines, the fuel economy and performance claims made for Mitsubishi's engine do represent a quantum leap, combining the fuel economy of a diesel engine with the performance of a sporting petrol unit.

Better yet, from Mitsubiahi's point of view, none of the world's leading carmakers is about to rubbish the claims.

"It's fair to say that direct injection marks the next big step forward for the petrol engine, as big as the first shift from carburettors to fuel injection," according to Jim Clarke, chief engineer. advanced engines, at Ford's power train division in

Not so good for Mitsubishi is that its pioneering technology will not be alone in the marketplace for long. Toyota has been quick to create a publicity spoiler" in the middle of Mitsubishi's launch by declaring that its own direct petral engine would be launched in home-





The full production version of a direct injection petrol engine is a leap forward, says John Griffiths

An engine revolution

market Carina and Corona from most modern petrol models by the end of the year. engines. The first spectacularly Over the next five to 10 years, direct petrol injection technology can be expected to permeate much of the new-car market, acknowledges Clarke. He will not, however, predict when Ford's first "Df" petrol model will take to the roads. "Of course we are working on it, just like every other major auto maker," he

The first Mitsubishi unit is an in-line, four-cylinder engine of 1.8 litres, with four valves per cylinder operated by twin overhead camshafts. That is no different

Tauxhall, General Motors'

UK cars subsidiary, has

spent £8m on new technol-

ogy to "personalise" its tele-

The system, at a new centre in

Luton, identifies callers from

their number and displays on a

video terminal their details their

It automatically directs the

phone customer service.

vehicle's history.

distinguishing feature is a compression ratio of 20:1, almost double that of conventional, indirect injection petrol engines. Not surprisingly given such a ratio, the engine packs an explosive punch: its 150-brake horsepower output is higher than Mitsubishi's current 2-litre

conventionally-injected engine. The new technology allows the engine to run on air-to-fuel ratios of up to 40:1 - far "leaner" than would have been thought feasible even five years ago, and better than a typical 15:1 to 18:1 for con-

Vauxhall gets personal

caller to the Vauxhall employee

who has dealt with him or her in

the past. People calling for the

first time will be logged into a

central databank so that they

will receive the same personal

If a call concerns an urgent

problem with a car, the technol-

ogy also links the computers at the customer's dealer to Vaux-

service in the future.

ventional petrol engines. Direct injection also allows a more stable and slower tickover, at 600rpm instead of 750rpm.

elements in the engine's design: An upright, straight inlet port controlling the airflow dynamics in the cylinder. · A very high pressure fuel

pump feeding purpose developed injectors designed to promote fuel mixture swirl, both of which presented an engineering challenge, according to Mitsubishi Curved-top pistons to control the pattern of combustion and eliminate the possibility of a

"So, when a problem is prov-

ing hard to solve, every possibil-

ity can be checked and explored

electronically and in real time,"

says customer and dealer rela-

tions manager David Ryde, The

centre is already handling more

hall's own databases

claims to have solved this, however, by extensive recirculation of exhaust gases through the engine - again, made possible only by direct injection's com-There are four distinguishing bustion stability, claims Mitsubishi. In all other respects, Mitsubi-

shi's claims are in line with industry expectations of the technology. "If you take a baseline of 100 per cent for a petrol engine," says Clarke, "then in terms of fuel economy the indirect injection diesel and the direct injection petrol will both show up at 115 per cent to 125 per cent

Neither can match for fuel economy the direct injection diesel, which first showed up in the unlikely form of Perkinsdeveloped Rover Maestro and Montego diesels in the late 1980s. The DI diesel has economy nearly 35 per cent better than a petrol engine and is now offered by a number of carmakers.

But nor can the DI diesel unit come anywhere near the on-road performance of the DI petrol Mitsubishi. The latter's arrival may not mark, as Mitsubishi implies, the death of the diesel. But it JG may have to fight hard for life.

CONTRACTS & TENDERS

GOVERNMENT OF JORDAN PRIVATIZATION OF

TELECOMMUNICATIONS CORPORATION INVITATION FOR EXPRESSIONS OF INTEREST FOR FINANCIAL ADVISORS

The Government of Jordan has embarked on Privatization Program, and the privatization of the Felecommunications Corporation (TCC) will constitute an early and important transaction in the program. The Government's objectives with the privatization of TCC are to:

- Improve the quality and diversity of telecom services in Jordan:
- Accelerate the expansion of the network; Maximize the proceeds of the sale;
- Expedite the commercialization of TCC operations:
- Transfer technology and modernize systems and operations.

It is the Government's intention to engage a qualified Financial Advisor (FA) to prepare and execute the divestiture of 26% of TCC shares to a Strategic Partner in a transparent manner. The FA will be responsible for all activities related to the sale, from marketing to implementation of the transaction.

Expressions of interest to act as the Financial Advisor to the Government of Jordan are requested from worldclass firms/consortia that have acted as the leadadvisor to a government in a sale of a substantia proportion of a major telecommunications company to a strategic investor. Short-listed firms will subsequently be invited to submit a technical and

Prospective firms/consortia may send their expression of interest by 3:00 p.m. local time, Tuesday, 15th of October, 1996, along with relevant and detailed documentation demonstrating that they meet the above specified criteria, to:

H.E. Jamai Ai-Sarayrah Minister of Post and Telecommunications TCC Tower Building, 3rd Circle Amman, Jordan

Tel: (962-6) 656-559; Fax: (962-6) 627-743. NOTE:

This advertisement does not constitute an invitation for potentially interested investors to initiate contacts with the Government of

OBITUARY

BILL BIRD formerly' London Stock Exchange died 13th September after painful illness, bravely borne. Funeral: Surrey & Sussex Crematorium, Crawley, 4.15 pm, Friday 20th September.

Donations to: Harestone Marie Curie Centre, Harestone Drive, Caterbam, Surrey CR3 6YQ.

LEGAL NOTICES

MUL ROWERTS (PRISTOL) LIMITED

ACTICE II HERBY CIVER product a sensing or AR(2) of the insulance ACTIME, that a sensing or AR(2) of the insulance conflicts of the dates moved company will be held at The Cauch House South Business Caston, 2 Upper Verls South Bristol 2, on the 3rd day of Occasior 1995 at 3,510 page for the purpose of leveling light before 12, capty of the report or we Adelphitesthe Receiver under 8 of the subt Acc. The tunning may, if it exhalish a couldent resemble to g

Beneficial £150,000,000

Guaranteed Floating Rate Notes due 1998. The noise will beer into

at 5.91406% per arount from 17 September 1996 to 17 December 1996. interest payable on 17 December 1996 will amount to \$147.04 per \$10,000 note and \$1,470,44 per £100,000

Agent: Morgao Guaranty Trust Company

JPMorgan

LEGAL NOTICES

BESTES MEDIAND PLC AND IN THE MATTER OF THE PROCESSION AND BULLS 1986

pros with Rule 4.105, I John William Formell of a 4th Floor, Southfleth House, 11 Unerprod that South 1871 187, you made:

IN THE MATTER OF RES SCOTLAND PLC In accordance with State 4.106, 1 John William Powell of Levy Got, 4th Place, Scattliffeld Holse, 11 Uvergood Carriers, Working, Wast States 1011 102, give resize that on 11 September 1996 I was appointed light that on 11 September 1996 I was appointed lighting.

BESRES DEVELOPMENT PLC A first and first obta-publish 31 October Onted 11 September

N THE MATTER OF BESTUS LAKELAND PLC BOTABLE WILLIES ON THE MYLLES ON

The Financial Times plans to publish a Survey on Manchester on Werlnesday, October 23

For further information on advertising and full editorial

. Pat Looker Tel: 0161 884 9881 Fax: 0161 832 9248 or write to her at : Alexandra Buildings, Queen Street, Manchester M2 5LF



PROMOTING BRITISH EXCELLENCE

THE WALPOLE COMMITTEE IN NEW YORK

Established in 1992 The Walpole Committee's mission is to promote British Excellence.

Walpole Committee members represent the best of British innovation, style, technology, service and tradition. On September 25, members of The Walpole Committee are hosting with

the British American Chamber of Commerce an evening of British Excellence, A Garden Party at Tavern on the Green, located at Central Park West and 67th Street, New York City from 6-8 pm.

Taking part are:

Arthur Brett & Son Bettys and Taylors of Harrogate

Chewton Glen Hotel DAKS Simpson

The Drambuie Liqueur Company **William Grant & Sons**

Holland & Holland

Laphroaig The Savoy Group of Hotels & Restaurants

Walkers Shortbread. The Royal Oak Foundation for The National Trust

Beefeater Gin British Airways

Coutts & Co The Dorchester

Financial Times Henry Poole & Co.

Land Rover

Penhaligon's

Turnberry Hotel British Tourist Authority

The Victoria & Albert Museum

To RSVP or to receive additional information on this event, please call Melissa Mendenhall at The British-American Chamber of Commerce on (212) 661 4060.

Ticket prices:

BACC Members

Non-BACC Members - \$65

INTERNATIONAL CAPITAL MARKETS

D-Mark securitisation taps seven-year sector

INTERNATIONAL BONDS

There was no sign yesterday of any slowdown in bond issuance. Although several deals competed for size and originality, a repackaged securitisation issue in D-Marks for Bank America

to combine both. The issue, for a total amount of DM1.25bn, pays a fixed coupon of 6 per cent, despite the fact that the assets that back it belong to an issue of securitised credit card receivables paying a floating rate, originally issued in July.

Credit Card Corp managed

Lead manager Salomon Brothers said demand was boosted by the lack of a seven-year benchmark. Issuance in that area of the yield curve has been subdued, due to the lack of arbitrage opportunities.

The Finnish market also explored new territory, as two-year US Treasuries.

ING Barings arranged the first public securitisation in markka, for the government housing agency.

The result was Fennica No 2, a two-tranche deal for a total of FM1.45bn. According to the lead manager, demand was motivated by recent redemptions as well as the government's decision to scale down its issuance programme. The floatingrate tranche, simed at banks and corporate investors, met stronger demand than the fixed-rate bonds, typically the domain of pension funds and life assurance compa-

Several small issues in dollars were also launched, among them a deal arranged by Commerzbank and Nomura for DePfa Bank. The structure is very similar to an issue launched in May via the same lead managers, although the launch spread yesterday was 1 basis point tighter, at 14 points over

The issuer said the bonds were aimed at retail investors, who typically appreciate relatively high coupons. The slightly unusual maturity of the bonds, two years and two months, is partly explained by an arbitrage opportunity requiring a match with an existing dollar-denominated asset, leading ultimately to "satis factory sub-Libor" funding

costs, DePfa said. Supranational borrowers were also active, with both the European Investment Bank and the World Bank tanning the market. The former raised DM300m via lead manager WestLB, while the latter issued Pta10bn of bonds maturing in 2021 through Banco Santander de

Negocios and UBS.
The Republic of Uruguay took advantage of the strong appetite for emerging market bonds to issue \$100m of 10-year paper led by Credit Suisse First Boston. With a coupon of 8% per cent, the

New international bond issues on the second of the second A OF TOUR AND A SHARE AND A SH JP Morgan Securities
JP Morgan Securities
JP Morgan Securities

14656-96-96 Central Control Securities
150(1945-01) JP Morgan Securities
150(1 SSLT 96-4, Cia A1(a1)+1+ 987-3 (a2.) 100.00R Jul 2001 0.225R 981-7 96-4, Cia A2(a1)+1+ 987-3 (a2.) 100.00R Jul 2005 0.275R 981-7 06-1 981-7 06-+34(8%-03) Satomon Brothers +18(5%-01) WestLB BACCC, Saries 96-145 1.25bn 6.00 99.77R Oct 2003 0.50R European Investment Bankth 300 5.125 99.943R Dec 2001 0.25R Inter-American Dev Bide.s/r 10bn 5.75 88.8578 Oct 1998 0.1875 - Dalwa Europe **Orecit Suisse** Province of Buenos Afrea 180 7.75 101.625 Oct 2003 2.50 Oracle Suisse GECCI) 200 6.00 98.61R Dec 2001 0.25R -3(5145-C1) ING Berings Bank Austria 3.5bn zero 56.66 Dec 2005 1.375 - Crédit-Européen-BBL - Deutsche Morgan Granfel Deutsche Finance (Nothe) 1000en zero 11.5009R Oct 2021 0.10R Bank 10bn 7.20 100.68 Oct 2001 1.625 - BSNV.BS Fernica No 2, Class A1(11)\$ 775 (2.0, 100.00R May 2024 0.25R Fernica No 2, Class A2(13)\$ 675 (4.0)\$ 100.00R May 2024 0.25R

Final terms, non-callable unless stated. Visid spread (over network government bond) at learnth supplied by lead manager.

titrilisted. Flosting-rate note. #Sernisanual coupon. R: fload re-ofter price; fees shown at re-offer level. a) SLM Student.

Loan Truet. a1) Legal maturity: 287/04. Av life: 2.397 yrs. a2) 3-mth T-bits +48bp. a5) Legal maturity: 287/04. Av life: 2.397 yrs. a2) 3-mth T-bits +48bp. a5) Legal maturity: 287/05. Av life: 7.05

yrs. a4) 3-mth T-bits +63bp. psrR. b) Putterior on 1/10/07 at 891/45. c) Priced today 120-130bp over Treaturies. d) Benick-marks.

Credit Card Corp. Bactod by BA Master Credit Card Truet, 96-8, Clase A, US\$ floating rate certs. Legal maturity: 15/11/05.

c) Reclammed in A5. f) Securitized rental housing issue originated by Housing Fund of Finland. 11) Callable on 20/5/01 at per. 20/5/03. (5) Clase: FM57m, privately placed. ii Over Interpolated yield. i) Long 1st coupon. s) Short 1st coupon.

basis points. • Record bond issuance in the last few weeks has pro-

above last year's total issuance of approximately pelled the total amount \$400bn. Around \$28bn was

raised in surobonds and raised by international borglobal bonds so far this year rowers in the first two weeks \$27bn of issues launched

budget deficit no greater

than 8 per cent of GDP. OATs fell 14 basis points

Germany eased on the back of US rate rise concerns

and a strong feeling that

there will be no reduction in

official rates when the Bund-

esbank meets today. On Liffe

the 10-year bund future fell

to 102.00.

by 0.02 to 98.11.

Egypt hopes to cross symbolic debt rating line

Moody's will decide if the sovereign is investment grade

guessing game has professionals since it became Moody's Investors Service, the US credit rating agency, had sent analysts to Cairo to work out a first rating for

Egypt's sovereign debt. Guesses of a likely rating are falling either side of the line separating the triple B (or Baa) category from the double B (or Ba) class, but the odds appear to favour a high speculative grade.

Although one notch on Moody's rating scale does not make a big difference in bsolute terms, this particular step from junk-bond status to investment grade is highly symbolic

The rating is expected to be announced before November's Middle Rast and North Africa economic summit.

Foreign investors' perception of Egypt has steadily improved in recent months. "Six months ago, the perception of risk in Egypt was close to a Cas rating," one government official said. Now, Moody's rating is likely to be just below investment grade."

Improving confidence is reflected in "better inflows of foreign investment", said Ms Suha Najjar, Middle East analyst at Nomura Research in London.

Egypt's macrosconomic picture is healthy. With more than \$18bm of foreign reserves, its capacity to pay back debt is strong. An IMF reform package aiming to boost economic growth to 8 per cent and increase foreign reserves to \$22bn is due to

be ratified on October 11.

Mr Mohammed Younes. been occupying head of fund manager Conemerging markets cord International Investments in Cairo, is very bullknown last week that ish on the rating. He said, based on the macroeconomic picture, he would be "very disappointed if Egypt did not get an investment grade rating, Baal or A3".

Data trigg

But rating agencies also take into account factors such as currency risk transfer and political stability. Ms Najjar at Nomura warns that "although the fundamentals are good, the Egyptian currency is still overvalued by about 25 per cent".

A senior Egyptian financial consultant forecast a high non-investment grade rating, possibly Bal or Ba2, adding that Moody's was likely to be cautious because it is only five years since Paris Club lenders had to write off some \$10bn of Egyptian sovereign debt.

Mr Mulham Alwani at HSBC Markets said: "The investor community would accept Egypt as investment grade, but in the cold light of day it is probably just below investment grade.

Mr Gamal Mubarak, executive director of Londonbased consultants MedInvest Associates, takes the opposite view. "Macroeconomic indicators point to an investment grade, but the final decision will be influenced by Moody's perception of Egypt's track record," he said, drawing a parallel with Poland, which was upgraded to investment grade just months after its first rating.

> Samer Iskandar and Sean Evers

> > DECRESS CAPET

liker-ne

US Treasuries lifted by jump in July trade deficit

GOVERNMENT BONDS

York and Peter John in London

Europe took a break from recent enthusiasm over European monetary union as rate rise worries blew in from the US.

■ US Treasuries posted modest gains in early trading on news of a jump in the July trade deficit. The yield on the benchmark 30-year remained above 7 per cent as investors awaited the outcome of next Tuesday's Federal Reserve's Open Market Committee meeting.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Near midday, the long bond was & stronger at 96% to yield 7.005 per cent. The two-year note was unchanged at 99H, yielding 6.227 per cent. The December 30-year bond future was

% weaker at 106g. The trade deficit surged from \$8.2bn in June to \$11.7bn in July - mostly because of a large drop in exports, suggesting invento-ries at US manufacturers may be higher than previ-

ously thought. While most economists said the trade data may lead to weaker than expected gross domestic product growth in third quarter. many were sceptical about yesterday's figure.

8.16 6.29 7.84 7.25 5.45 6.34 6.27 7.59 9.32 2.19 3.20 6.25

17/06 91.8080 +0.200 7.94 8.13
05/08 100.1000 -0.070 8.13 8.26
05/08 104.2700 - 8.39 8.56
12/08 97.3500 -0.350 7.37 7.46
03/08 106.8400 -0.200 7.12 7.27
10/07 100.7480 -0.080 5.38 8.46
10/08 102.0000 -0.140 8.22 6.32
04/08 100.5400 -0.270 7.25 7.50
08/08 106.1400 -0.270 7.25 7.50

"Trade data tend to be volatile. It should subtract from third-quarter GDP growth, but not as sharply as July data indicate," noted Mr Ed Yardini and Ms Debble Johnson of Deutsche Morgan Grenfell in New York

Maryousness about an incresse in UK interest rates hit short-dated gilts yesterday as a sharp rise in retail activity revived the spectre of inflation.

Retail sales rose 1 per cent in August from July and 44 per cent year-on-year, compared with analysts' forecasts of a 0.5 per cent rise on the month and 3.5 per cent on the year. The release of minutes from the last meet-

E SUND FUTURES OFTIONS (LIFFE) DW250,000 points of 100%

0.85 0.60 0.41

III NOTIONAL ITALIAN GOVT. BOND (STP) FUTURES

0.87 0.68 0.52

0.16 0.47 0.91

0.69 0.39 0.23

(LIPPE)* Line 200m 100ths of 100%

0.27

ing between the chancellor Germany falling from 218 to the Maastricht criteria of a of the exchequer and the governor of the Bank of England further depressed rate-sensitive maturities. Mr Kenneth Clarke said

there would be a case for tightening rates if inflation pressures started to pick up and Mr Eddie George said be would like to see base rates currently 5.75 per cent rise to 6 per cent. The general nervousness rippled along the yield curve. In the cash market,

10-year gilt slid 養 to 97號. ■ Spanish bonds continued their outperformance, with the 10-year yield spread over France is unlikely to meet

0.52 0.74 0.78 0.99 1.12 1.30

216 basis points. Analysts reported strong domestic interest and pointed out that over the past couple of days some investors had switche into Spain from Italy. Italian BTPs fell a third of

10-year yield spread over Germany rising from 298 to 304 basis points. ■ Prench debt prices essed on the announcement of budget details, which

a point to 103.05 with the

four-year paper fell by # to 103# while the benchmark FFr288.7bn in 1997. The figure, which will be lifted by a FFr30bn social security deficit, left most economists arguing that

included a forecast deficit of

■ In Moscow, demand for
paper saw the average yield
on an issue of six-month
Treasury bills fall to 61.25 per cent at an auction yes
terday, down from 87.97 per
cent at the last auction of
six-month paper a week ago

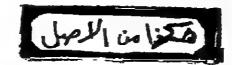
T-ACTUARIES	FIXE	HTTE!	159T I	HDICES											
rice indices K GM:::	Wed Sep 18	Day's change %	Tue Sep 17	Accrued Interest	ad adj.		Sep 18	Sep 17	yleid Yr, ago	Bep 18	Sep 17	a yleid - Yr. ago	- High Bep 18	Sep 17	Yr. ago
Up to 5 years (22) 5-15 years (20)	121.60 148.41	-0.17 -0.28	121.80 148.96	2.17 2.97	7,38 7,51	S yrs	7.16 8.08	7.07	7.45 7.92	7.23 8.08	7.15 7.90	7.44 7.97	7,28 8.02	7,19 7,99	7.53 8.06
Over 15 years (5)	161,49 186,96	-0.35 °	163.04	2.11	9,83 7,35	20 yrs fred.†	8.13 8.19	8.09 8.15	7.95 8.08	5.12	8.09	8.00	8.18	8,09	8.08
All stocks (56)	142.86	-0.29	143.23	2.66	7.91		·	Selection I	. · · :	115	 (mil)	etion 1			
nden-Enland			•					8 Sep 1		0			Yr. ag	b	
Up to 5 years (1)	200.89	-0.04	200.97	8.54	4.43	Up to 5					-0.61	-0.66			
Over 5 years (11) All stocks (12)	189.59 189.71	-0.20 -0.20	189,97 190,09	1.16 1.21	3,85	Over 5 y	NT 3.5	5 5.5	3.50 :	•	3.86	3.50	5.33		
			-	oles Laure 201.5	ninis tiles	A 951-46	MARKE LINES	4484		ر استعاد معا	ad Vers 00	diam'r.			

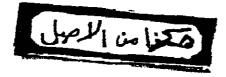
fixed interest indices Sep 18 Sep 17 Sep 16 Sep 18 Sep 12 Yr ago High" Low" (MRQ 93.14 90.32 93.46 93.26 92.83 94.46 96.84 91.69 et 118.10 118.18 118.24 113.10 112.93 118.18 115.23 110.74

ily Ipen		9.500		TOTAL PROPERTY.							_					
description .	No 140	6.600	06/01	103.0500	-0.300 +0.230	1.78	1,86 2	1,32 1,19	Dec	Open 117.78	Sett pri	ice Change I -0.27	High 177.78	117.22	885.05	Open int. 71026
iherlan	No 182 Ide	3.000 8.500		101,2542 117,4500	+0.030			.20 .25	Mer · ·		116.9				0	580
ugal N		9.500 8.800	02/06	108.0500	+0.060			.70 L95		GOVT, DOL		PUTURUS O	LISONS (T)	TE) Lin200		100%
eden Gita		8.000 8.000	02/05	89.2311 103-75	-0.330 -0/32	7.79	8.18 8	25	Strike Price)#G (Ma	7	Dec	PUTS -	Mer
-		7.500	12/06	97-30	-13/32	7.79	7,88 7	.79	11750		37	1.70 1.50		1.23 1.46		2.31 2.56
Treas	ury *	9,000 7,000	10/08 07/06	106-12 101-10	-7/32 -5/32	6.80	8,96 6	.90 1.45	11800 11880		.10 .87	1.2		1.78		2.85
Frenc	sh Govi)	6.750 7.000	06/26 04/06	96-24 102,5300	-6/32 -0.230			1.73 1.79	Bys. vol. to	mai, Caules 199	Pain I	197. Provigu	rdo c,Asp o	n Ini., Calis	714 05 Publ	100760
	seing, "New Yorkship					de: Lecal #	nerjept atm	nderd.	Spein							
	UK in 32nds,			n const below		Source: M	MS intern	ational ,	■ NOTK	HAL SPAN	BH BC	NUTUR GIN	SS (MET	<u> </u>		
IN	TERES	r RAT	. 49						Dec	Open 103.75	Setz pri 103.9	ce Change 4 +0.04	High 104,57	Low 103.57	Set. vol. 128,185	. Open Int. 5 69,845
st				Treasury I	Billie and B	ond Yield				103.70	100.0		104.57	100.07	146,100	GE,ONG
e raise					- Two	year		8.24	UK							
er Iban Unds .		7 Th	ee maain		6.31 Phre	700		8.42 8.61 6.82	I NOTE	Open	_	FLL) \$39UT op Change		Low	Bat. vol	Open int.
urdi d	intervention	- On	762		5.48 10-1 8.84 30-1	745		7.02	Sep	106-12	108-04	_	108-12		1016	16807
									Dec W 1 Celo	107-22	107-14	-0-13 PTIONS (L)	107-26	107-08	66900	115317
									Stries			ALLS —			PUTS -	
	FUTUE	ES A	ND O	PTION	5				Price 107	Oct 0-87	Nov 1-08		Mer (ot No 09 0-36		
									106	0-07	0-35	0-56 1	-17 0-	48 1-07	1-26	2-35
									100 Est. vol. to		0-15 I2 Pote 1	0-32 0 806. Previous		37 1-51 n int., Calle ;		
me	o Mal fren	ALI BAN	· ====		0 65-400	000			Ecu				, ,-			
- : FL		Sett price			Low	Set. v	oL Oper	n Int.		KOND FUTT	MES (A	MITH SCU	100,000			
	123.92 1	123,84	-0.22	124.06	123.83	133,9	BO 206,	,89 6		Open	Sett pric	_		Low	Est. vol.	Open Int.
	123.82 123.14	123.74 123.06	-0.22 0.22					286 6	Dec	92.04	92.06	-0.16	92,34	85.00	2,346	7,794
DNG	TERM FRE	NCH BO	ND OPT	IONS (MAT	ne)											
9	Oct	ÇAI		Dec	Oct	- PUTS Nov	De	<u>-</u>	US				MAIN	MAR AC - 4:		
	-			-	0.01	-	0.1	1	E US TR	Open	FI CINO	UTURES (C)		Low		Ones by
	2.90 1.90			2.21	0.01	0.06 0.15	0.1 0.3		Sep	108-16	108-1	9 -0-01	106-19	108-11	16,075	
	0.93			1.48	0.06	0.36	0.5	7	Dec	108-01 107-21	108-0		105-08 107-21		395,254 10,793	
el. tet	ni, Calls 19,77									- /	_				,	
									Japan B Wmc		i Terre	LADAN	E 640	BOND FU		-
	RHV								- AVIK					-VIII FU		
	BITY MAL GERM	lan bun	D FUTUI	RES (LIPPE)" DM250	L000 100t	the of 10	0%	(LIFFE	Y100m 10	Other of	100%			- CONCES	
ОТІС	ONAL GERM	Sett price	Chang	e High	Low	Est. v	ol Oper	n int.		Open 10		100%	High	Low 122 10	Est. vol	Open Int.
	MAL GERM			e High		_	rol Oper 58 215	78C	Dec	9100m 10 Open 122.10	Close	100%	High 122.57	122.10	Est. vol 2479	n/a
	Open 97.96	Sett price 98.11	Chang -0.02	e High 98.29	Low 97.95	Est. v 19216	rol Oper 58 215	78C	Dec	9100m 10 Open 122.10	Close	100% Charige	High 122.57	122.10	Est. vol 2479	n/a
ОТЮ	Open 97.96	Sett price 98.11 97.15	-0.02 -0.01	e High 98.29	Low 97.95	Est. v 19216	rol Oper 58 215	78C	Dec	9100m 10 Open 122.10	Close	100% Charige	High 122.57	122.10	Est. vol 2479	n/a
ОТЮ	Open 97.96 97.10	Sett price 98.11 97.15	-0.02 -0.01	e High 98.29	Low 97.95	Est. v 19216	rol Oper 58 215	78C	Dec	9100m 10 Open 122.10	Close	100% Charige	High 122.57	122.10	Est. vol 2479	n/a
ОТІС	Open 97.96 97.10	Sett price 98.11 97.15 FICES	-0.02 -0.01	98.29 97.24	Low 97.95 97.04	Est. v 19216	rol Oper 58 215	780 37	Dec	Open 122.70 Here also fee	Close	100% Charige	High 122.57	122.10 L are for pa	Est. vol 2479	nAs
K C	OPAL GERM Open 97.98 97.10	Sett price 98.11 97.15 RICES	-0.02 -0.01	8 High 88.29 87.24	Univ S7.95	Est. v 19216 227	Rutus	1 Int. 1780 137	Oac LIFFE ful Rad Plant 7.72 185	7100m 10 Open 122.70 Here also fee	Closes ded on A	100% Change PT. All Open	High 122.57 Interest fig	122.10 L are for pre-	Ent. vol 2478 Mous day.	n/a
CTIC	ONAL GERMA Open 97.96 97.10 BILTS P Notes on up to Fine Yu Ope 1986	Sett price 98.11 97.15 FICES 	Chang -0.02 -0.01 Page 2 4	8 14gh 98.29 97.24 97.24	97.95 97.04 97.04	Est. v 19216 227 8 1 ₃ pc 200 8 7 ₄ pc 200 10 7 ₄ pc 200	Refer	1 brit. 1780: 337 337 410 7.00	Ouc LIFFE ful Manual Price C	7100m 10 Open 122.70 Here also fee	Close of Close ded on A	100% Change PT. All Open dos-United 45 or 1811	High 122.57 Interest fig Sales (75.5)	122.10 L and for pa	Eat. vol 2478 rious day.	RA IN
OTIC	OPAAL GERBA Open 97.98 97.10 SILTS P Notes to the Pee Ye 0pe 1995	Sett price 98.11 97.15 RICES 	Chang -0.02 -0.01 Paler E - -2207 all 3 1002 3 1012 2 1015	86 20 87.24 87.24 87.24 87.24 87.24 87.24 87.24 87.24 87.24 87.24	27.95 97.04 97.04 1004 1004 1004 1004 1004 1004 1004 1	Est. v 19218 227 8 1 ₂₀ c 200 8 7 ₂ cc 2002	Refer	1 Int. 780: 37 10 10 10 7.86 7.86 7.85	Osc "LIFFE full Fland Price 5 7.72 105 7.75 97% 10 7.76 97% 10	Y100m 16 Open 122.70 122.70 122.70 122.70 123.70 123.70 	Close of Close ded on A ded on	100% Change Pl. All Open des-United Figs 1911 Sign 101 2-pc 101 2-pc 101 2-pc 101 2-pc 101	High 122.57 Interest fig 175.5 175.5 175.5	122.10 L and for pa	Eat. vol 2478 rious day.	RA IN
CTRC Cpc 19 csion H 13'spc 8'sy 2 psize 2 15'sy 2	ONAL GERM Open 97.96 97.10 SILTS P Notes on up to Rice Yu Open 1886 199711	Sett price 98.11 97.15 PICES 110 ES 1	-0.02 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01	86 20 87.24 87.24 87.24 87.24 87.24 87.24 87.24 87.24 87.24 87.24	27.95 97.04 97.04 1004 1004 1004 1004 1004 1004 1004 1	Est. v 19216 227 227 227 227 227 227 227 227 227 22	Rates Rates Rates 7 #	1 Int. 1780: 37 210 7.00 7.00 7.00 7.05 8.71 8.74	Opc - LIFTE full Filed Prins 2 7.72 165 7.78 971 7.79 991 7.50 1792 7.50 1842	100m 16 Open 122.70 100m also tra 187 — 187 1873 1873 1873 1873 1873 1873 1873 1	Close of Close ded on A law and law an	Change Change PT. All Open Affine Vall Specific Vall Speci	High 122.57 Interest fig 175.6 (75.6) (75.6) (75.6) (75.6)	122.10 L and for pa	Eat. vol 2478 rious day.	RA IN
CTTC	ONAL GERM Open 97.96 97.10 FILTS P Notes By 197.11 FILTS P Notes 197.11 197.11 197.11 197.11 197.11	Sett price 98.11 97.15 91CES 17.15 91CES 17.16 17.16 18.16 12.94 12.94 12.94 12.94 12.94 12.94 12.94 12.94 13.90 1	-0.02 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01 -0.01	98,29 97,24 97,24 - 220,2 - 100,2 - 10	27.95 97.95 97.94 1004 1004 1001 1001 1001 1001 1001 10	Est. v 19216 227 = 8 l ₃ pc 200 = 7 l ₃ pc 200 = 7 l ₃ pc 200 = 7 l ₃ pc 200 = 8 l ₃ pc 2	Rates Ra	1 Int. 1780: 37 2.10 7.00 7.00 7.00 7.00 7.00 7.00 7.00 7	Osc - LIFFE full No Piton 5 7.72 165 7.78 97-16 7.50 1200	Y100m 16 Open 122 TO 122 TO 122 TO 122 TO 123 To 124 To 125	Close of Close ded on A to San	100% Change Change PT. All Open den-Listed 45pc Witt — 25pc Val 25	High 122.57 Interest fig (75.79 (76.7	122.10 L and for pa	Eat. vol 2478 rious day.	RA IN
CTTC Film Cor 19 Silve Sil	ONAL GEPS Open 97.96 97.10 Notes on up to Pive Ye 95 1997 1997 1997 1997 1997 1997 1997 1	Sett prices 98.11 97.15 R1CES F1CES 10.00 10.	Change -0.02 -0.01	98.29 97.24 97.24 97.24 98.29 97.24 98.29 97.20 98.20	27.95 97.95 97.94 1004 1004 1001 1001 1001 1001 1001 10	Est. v 19216 227 227 227 227 227 227 227 227 227 22	Rutus	1 Int. 1750 337 337 210 2.10 7.60 7.60 7.60 7.60 7.60 7.60 14.06 4.31 7.65	Dec - LIFFE full Red Point C 7.28 975 7.28 975 7.59 1092 7.56 1843 7.56 1843 7.56 1943 7.56 1943 7.56 1943 7.56 1943	Y100m 16 Open	Closed on A ded on A	Change Change PT. All Open des-United des-Un	1-ligh 122-57 Interest fig 175-8 175-8 175-8 175-8 175-8 174	122.10 L and for pa	Eat. vol 2478 rious day.	RA IN
" (Lim Coc 19 Solo 11 Sign Coc 19 Solo 11 Sign Coc 19 Solo 12 Solo 13	PANAL GEPSA Open 97.96 97.10 Notes on up to Five Ye 95 00 pc 1006 1997:11 1897 1997:11 1897 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11 1997:11	Sett prices 98.11 97.15 31C S 11C S	-0.02 -0.01	98.29 97.24 98.29 97.24 1021 1031 10	27.95 97.95 97.04 97.04 1000 1000 1000 1000 1000 1000 1000 1	Est. v 19216 227 8 1 ₃ cr 200 8 7 ₅ cr 200 8	Reference Control Cont	1 Int. 1780: 37 37 8.10 7.80 7.80 7.85 8.14 10.09 8.15 7.85 7.87	Dec "LIFFE full Red Prins 5 7.72 165 7.78 99% 7.59 199% 7.50 199% 7.50 199% 7.50 199% 7.50 199% 7.50 199% 7.50 199% 7.50 199%	Y100m 16 Open 122 TO 1	Closed on A ded on A	Change Change PT. All Open All	13gh 122.57 Interest 1g (13.5 (13.5) (13.5) (13.5) (13.5) (13.5) (13.5) (13.5) (13.5) (13.5) (13.5) (13.5) (13.5) (13.5)	122.10 Lan lar pa (0) (3) h 122.21 135 136 135 135 135 135 135 135 137 137 137 138 137	Ent. vol 2478 Mous day.	RA IN
CTTC (CTTC (CT	ONAL GERM Open 97.96 97.10 SILTS P Notes 1907 1907	Sett prices 98.11 97.15 RICES — Yead. — In Manage 10.91 6.91 6.91 6.91 6.91 6.91 6.91 6.91 6	-0.02 -0.01	98.29 97.24 98.29 97.24 1021 1031 10	27.95 97.95 97.04 97.04 1000 1000 1000 1000 1000 1000 1000 1	Est. v 19216 227 227 227 227 227 227 227 227 227 22	Reference Control Cont	1 Int. 1780: 37 37 8.10 7.80 7.80 7.85 8.74 10.09 8.73 7.87	Out - LIFFE full Floor - LIFFE full Floor - LIFFE full Floor -	Y100m 16 Open	Closed on A	Change Change PT. All Open All Open	122.57 Interest fig 122.57 Interest fig 122.57 Interest fig 122.59 Interest fig 123.59	122.10 Lam for pa CO CO No. Lam 12.70 Lam 12.5 Lam 12.5 L	Ent. vol 2479 mious chy. 1195 - 4 1195	74 114 114 115 176 176 176 176 176 176 176 176 176 176
orrice for glance for glance for 19 for 19	ONAL GEPA Open 97.96 97.10 87.10 87.10 87.10 87.10 100 100 100 100 100 100 100 100 100	Sett prices 98.11 97.15 RICES 110 110 110 110 110 110 110 110 110 11	Change -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02	98.29 97.24 98.29 97.24 207.2 10	27.95 97.95 97.04 97.95 97.04 Inc. Trail Test 1001: Test 1001: Test 1001: Test 1002: Tes	Est. v 19216 227 227 227 227 227 227 227 227 227 22	Reference Control Cont	1 Int. 1780: 37 37 8.10 7.80 7.80 7.85 8.74 10.09 8.73 7.87	Out - LIFFE full Floor - LIFFE full Floor - LIFFE full Floor -	Y100m 16 Open	Closed on A	Change Change Change Pl. All Open des-United 45pc 1911 25pc 102 45pc 101 25pc 102 25pc 11 25pc 13 25pc 11 25pc 13 25pc 13 25pc 11 25pc 13 25pc	High 122.57 Interest fig 14.6 (75.8)	122.10 Law for particular to the particular to t	Ent. vol. 2478 mions day. 1995 - 1975	74 111, 120, 170, 170, 170, 170, 170, 170, 170, 17
of Gline Coc 19 Scient H Super Sop 19 Super Super Super 1 Super Su	PANAL GEPAN Open 97.96 97.10 Notes on up to Pivo Yu 95 00 1987 1997 1997 1997 1997 1997 1997 1997	Sett prices 98.11 97.15 910 S. 11 97.15 910 S. 11 910 S.	Change -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02	Hand 1982	Cov 97.95 97.04 97.95 97.04 100 100 100 100 100 100 100 100 100 1	Est. v 19216 227 227 227 227 227 227 227 227 227 22	Retus Retus Retus 15 Retus 16 Retus 16 Retus 17 Retus 1	1 Int. 1780: 37 37 8.10 7.80 7.80 7.85 8.74 10.09 8.73 7.87	Out - LIFFE full Floor - LIFFE full Floor - LIFFE full Floor -	Y100m 16 Open	Closed on A Law 1913 1913 1913 1913 1913 1913 1913 191	Change Change Change Fit. All Open All	1395 122.57 122.57 122.57 122.57 173.6 (73	122.10 Lam for pa (0) (2) h 122 211 223 124 125 124 125 125	Ent. vol. 2479 m/s.m day. 1716	74 111, 122, 174, 175, 187, 187, 187, 187, 187, 187, 187, 187
of Flam Cor 19 Sign 11 Sign 20 Sign 11 Sign 20 Sign 11 Sign 20 Sign 11 Sign 10 Sign	ONLAL GEPON OPEN	Sett prices 98.11 97.15 31C S 11C S	Change -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02	Hgh 98.29 97.24 98.29 97.24 98.29 97.24 98.29 97.24 98.29 97.24 98.29 97.24 98.29 97.24 97.29 97.24 97.29 97.24 97.29 97.24 97.29 97.24 97.24 97.29 97.24 97.29 97.24 97.29 97.24 97.2	27.95 97.04 97.95 97.04 100 100 100 100 100 100 100 100 100 1	Est. v 19216 227 19216 227 19216 230 19746 230	Rutus Ru	1 Int. 780 S37 S10	Dec "LIFFE full Red Prints 974 7.72 165 7.78 974 7.50 1994 7.50 1995 7.50 1995 7.50 1995 7.50 1995 7.50 1995 7.50 1995 8.04 34[5] 8.04 34[5] 8.04 34[5] 8.05 1995	Y100m 16 Open	Closed on A Closed	Change Change Change FT. All Open den-Listed 45pc 1811 25pc 181 25	1395 122.57 122.57 122.57 122.57 173.6 (73	122.10 Lam for pa (0) (2) h 122 211 223 124 125 124 125 125	Ent. vol. 2479 m/s.m day. 1716	114 1112 1196 1196 1196 1196 1196 1196 1196 1196 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1193 1192 1193 1192 1193 1192 1193 1192 1193 1192 1193 1192 1193 1193 1193
or gland of	ONLAL GEPON OPEN	Sett prices 98. 11 97. 15 91.	Change -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02	Hgh 98.29 97.24 98.29 97.24 98.29 97.24 98.29 97.24 98.29 97.24 98.29 97.24 98.29 97.24 97.29 97.24 97.29 97.24 97.29 97.24 97.29 97.24 97.24 97.29 97.24 97.29 97.24 97.29 97.24 97.2	27.95 97.04 97.95 97.04 100 100 100 100 100 100 100 100 100 1	Est. v 19216 227 227 227 227 227 227 227 227 227 22	Return 15 15 15 15 15 15 15 15 15 15 15 15 15	1 Int. 1780 S37 Ext. 2.16 7.86 7.86 11.08 12.14 11.08 12.37 12.37 13.32	Dec "LIFFE full File Prince 7.72 165 7.78 974, 17.76 1994, 184 7.76 1994, 184 7.80 1004 7.80 1004 8.85 1006 8.85 100	Y100m 16 Open	Closed on A	Change Change Change Fit. All Open All	High 122.57 interest fig 122.57 interest fig 175.5 interest finterest fig 175.5 interest fig 175.5 interest fig 175.5 interest	122.10 Law for particular particu	Ent. vol. 2479 m/s.m day. 1716	114 1112 1196 1196 1196 1196 1196 1196 1196 1196 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1193 1192 1193 1192 1193 1192 1193 1192 1193 1192 1193 1192 1193 1193 1193
18 Elan Elan	Common	Sett prices 98.11 97.15 81C SS 81C S	Change -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02	14 20 57 24 5 25 57 24 24 5 25 5 25 5 25 5 25	27.95 97.95 97.95 97.95 97.95 97.96 100.91	Est. v 19216 227 19216 227 19216 227 19216 220 19216 2002 19216 2003 19216 20	Return 15 15 15 15 15 15 15 15 15 15 15 15 15	1 Int. 780 337 2 10 7.88 7.85 2.71 2.14 2.51 7.85 2.71 2.51 2.51 2.51 2.52 2.53 2.53 2.53 2.53 2.53 2.53 2.53	Dec "LIFFE full Red Prins 5 7.72 165 7.78 57\s. 7.79 59\s. 7.50 105\s. 8.50 7.50 25\s.	Y100m 16 Open	TOTAL OF Closes	Change Change Change Fit. All Open All	High 122.57 interest fig 122.57 interest fig 123.57 (FLB) (F	122.10 Law for particular particu	Ent. vol. 2479 m/s.m day. 1716	114 1112 1196 1196 1196 1196 1196 1196 1196 1196 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1197 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1192 1193 1192 1193 1192 1193 1192 1193 1192 1193 1192 1193 1192 1193 1193 1193
CTTICLE TO BE A STATE OF THE ST	ONAL GEPA Open 97.96 97.10 ELTS P Notes PATE 199711 1897 1897 199711 1897 19981	Sett prices 98. 11 97. 15 91.	Change -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02	14 20 57 24 5 25 57 24 24 5 25 5 25 5 25 5 25	27.95 97.95 97.95 97.95 97.95 97.95 1004 1004 1004 1004 1004 1004 1004 100	Est. v 19216 227 227 227 227 227 227 227 227 227 22	Refer 15 15 15 15 15 15 15 15 15 15	1 Int. 1780 237 210 210 7.85 210 7.85 211 10 8 25 212 22 22 22 22 22 22 22 22 22 22 22 22	Dec "LIFFE full File Prince 7.72 165 7.78 974 7.76 1092 7.50 1201 7.56 1092 7.50 1003	Y100m 16 Open 122 10 O	Closed on A Closed	Change Change Change Fit. All Open All	High 122.57 interest fig 122.57 interest fig 123.57 (FLB) (F	122.10 Law for particular to hand a particular to h	Ent. vol. 2479 mious day. 1986 - 1986	THA THU THE
CTTICLE TO BE A STATE OF THE ST	Common	Sett prices 98.11 97.15 81C SS 81C S	Change -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02	14 20 57 24 5 25 57 24 24 5 25 5 25 5 25 5 25	27.95 97.95 97.95 97.95 97.95 97.95 97.96 1004 1004 1004 1004 1004 1004 1004 100	Est. v 19216 227 19216 227 19216 227 19216 220 19216 2002 19216 2003 19216 20	Return 15 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 Int. 780 37 16 3	Out - LIFFE full File	1900m 16	Closed on A Closed	Change Change Change Fit. All Open All	High 122.57 interest fig (73.7) (73.7	122.10 Law for particular particu	Ent. vol. 2479 m/s.m day. 1716	114 1111 1111 1111 1111 1111 1111 1111
CTTC CLIMP CLI	Common	Sett prices 98.11 97.15 81C SS 81C S	Change -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02 -0.01 -0.02	14 20 57 24 5 25 57 24 24 5 25 5 25 5 25 5 25	27.95 97.95 97.95 97.95 97.95 97.95 97.96 1004 1004 1004 1004 1004 1004 1004 100	Est. v 19216 227 227 227 227 227 227 227 227 227 22	Return 15 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	1 Int. 780 37 16 3	Dec "LIFFE full Red Print E full Red	Y100m 16 Open 122 10 O	Closed on A Closed	Change Change Change Fit. All Open All	149/h 122.57 interest fig (73.9) (73.	122.10 Law for particular and fo	Ent. vol. 2479 mious day. 1986 - 1986	THA THU THE

\$.15 \$.86 8.30 8.11 8.21

			-			and difficult company can as						
	FT/ISMA INTERNAT	ION	AL E	301	ID S	SERVICE						
	Linked are the latest triangelonal box	ado for	which t	here !	s an a	inquite according mathet. Latest pr	foes at	7/10 pm	an S	inplan	ther 18	
	loosed					laured .		Offer		•	leased Bid Offer Chg Yield	
	U.S. DOLLAR STRAIGHTS					Smeden 8 97	106	105 ¹ a		3.40	Abbay Nat Treesury 8 08 E 1000 1014 1018 4 7,78	
	Abbay Null Treasury \$72 08 1000 ABN Amro Back 74 05 1000	974	20/5 21/6	444	7.02 7.80	United Kingdom 7 ¹ a 67	104	1044	٠.	3.39 6.08	British Land 87g 23 € 180 62 22 4g 4g 9 9.35 Denmark 67g 88 € 800 100 g 100 g 100 g 2 4g 8g 9.83 Depta France 74g 03 € 500 985g 985g 4g 7g 7.80	
	Aliberta Province 7's 18 500	953	96	4	7.79	World Bank 0 15 2000	394	3312	3	5.91 - 5.74	Depts Finance 74 03 £ 500 965 965 - 7.80	
	Alberta Province 7% 98 1000	1024	102%	컄	6.46 7.16	World Burk 57, 03 3000	1004	101	4	- 534	BE 8 03 2 1000 102\(\frac{1}{2}\) 102\(\frac{1}{2}\) -\(\frac{1}{2}\) 7.57 Ginno Welsonna 8\(\frac{1}{2}\) 08 2 500 102\(\frac{1}{2}\) 103 -\(\frac{1}{2}\) 8.88	
	Autor Dev Blank 6 ² q 05 790 Autoria 5 ² 2 00 400	1051	105%			SWIGG FRANC STRAIGHTS					Hangon 101- R7 P	
	Backer-WustR L-File We 00 1000	109%		4	1037	### Aven Der Benk D 16	38 4085	105%	4	5.12	HSBC Holdings 11.69 02 C 189 1165, 1165, -1, 8.07	
	Bancomet 7's 04 1000 Back Ned Gemeenton 7 40 1000	1014	1017	4	6.55	Council Europe 4% 98 250	10312	10312	4	2.45	bady 10 ¹ / ₂ 14 2 400 115 ¹ / ₄ 115 ¹ / ₆ 1 8.77 Japan Day Bit 7 00 2 200 99 ² / ₄ 100 ¹ / ₄ 1, 7.03 Land Shop 9 ¹ / ₂ 07 2 200 105 ² / ₆ 106 1 8.88	
	Bayer Versitable 8 ⁴ s 100 500 Balgium 5 ⁵ c 03 1000 Ballich Columbia 7 ³ s 02 500	1084	1054	. .	8.02 7.05	Denmark 4 ¹ 4 99 1000	1044	10374	44	2.50	Unit Sect 9½ 07 2 200 105% 106 -12 8.68 Oriento 11½ 01 2 100 113 113½ -14 7.89	
	34Min Columbia 74, 02 500	1052	108	3	826	BB 8 ⁵ , 04	1154	1147		4.80	Ortesto 11½ 01 2 100 113 113½ ¼ 7.52 Powergen 6½ 03 £ 250 104½ 104½ ¼ 7.65	
	Bittet Gas 921 1500 Curacia 6% 05 1500	144	142	4	8.15 721	Friend 74, 69 300	1117	1124	44	3.11	Seesan Thurs 11 - 20 9 590 1101- 111 - 1- 7 15	:
	Chause Kong Pin 5% 96 500	967	97		7.34	biter Arrest Day 41, 08	105	105	وآد		Tokyo Bio Power 11 07 2 190 1193 1193 14 757 TOKZ Pin 94 02 NZS 75 102 103 8.78	
	Code: 5 ² 2 04	99 ² 1	94 ² 2	호	7.79 6.71	Ontario 61 ₅ 03 400	1123	1084	4	4.00	World Back 9 99 NZS 250 1015 102 8,30	
	Dannark 54, 98	994	99%	~	6.37	SNOF 7 04 450	1184	179	عله	4.21	Denomer's 51s 69 FFr 7000 1021 1021 1 4701	
	Sept Japan Railway 67g 04 600	96°E	95%	4	7,21 8,85		40E	105%	-	3.91	Denmark 51 ₂ 59 FFr 7000 1024, 1023, 1, 4.70 Sec de Person 84, 22 FFr 3000 1123, 1194, 1, 7.09	
	5B 94 97 1000	1032	1084	4	600	World Bank 0 21 700 World Bank 7 01 600	1147	28k	44	5.24 3.41	PLOKENIA SATE NOTES	
	88 6 04 500 68 9 ¹ 4 97 1000 Becida Panca 9 88 200 8-Im Benk Japan 8 02 500	105	1004	4	8.00	YEN STRAIGHTS			-		locuted Hid Offer Cops	
	Brook Day Cost 9/2 98 T50	100	70.00°e	-1-	8.47		110%	1114	44	1.84	Abbuy Nat Transpry -1: 99 _ 1000 98.82 100.01 - 5.5938	
	Euron Capital 0 04	57%	58°s	4	6.99 8.84	Shigizon 5 99	1112	1114	4	2.62	Surfamerica 1 99 750 99.98 100.08 5.7500 Carecta 1 99 2000 99.65 99.72 5.2652	
	Parametri Natil Most 7.40 (M	2024	100%	-3-	774	Es la Carte Land AL CO Assessed	agal.	age 1.	7	1.58 2.60	VACE U US EQU 200 00 A0 00 74 4 9578	
	Finland 6% 97 3000 Ford Motor Credit 6% 96 1500.	700Fg	100%		626 620	later Array Dev 74, 00	1192	119%		1,70	Commercial OS Fin -1, 98 750 99.79 99.85 5.4082	,
	General Mile 0 13 1000	26	75 la	-3-	8.54	May 5 04 200000	115	115%	434	2.12 2.EB	Credit Lycernate & 00 500 88.12 98.49 5.9875 Credit Lycernate 0.20 85 1250 98.88 100.08 3.9408	4
	General Mile () 13 1000 Int Reserve 54 Mil 980 Inter-Awar Day 69, 08 1000	97-	97 ¹ 2	ż	6.54 7.16	120000 1200000 120000 120000 120000 120000 120000 120000 1200000 120000 120000 120000 120000 120000 120000 1200000 120000 120000 120000 120000 120000 120000 1200000 120000 120000 120000 120000 120000 120000 1200000 120000 120000 120000 120000 120000 120000 12000	1105	110%	414	1,40	Dreadner Finance & BB DM _ 1000 100.01 100.10 3,3750	Ŧ
	kder-Amer Dov 7 2 05 800 htl Phance 5 4 98 500	101%	1024	4	7.12	SNCF 6% 00 30000 Spain 6% 02 125000	1174	1117-78	يار	2.02	Finished = 99	
	tnl Phance 54; 98 500	SEA.	975 945a	3	6.35 7.15	Spain 67, 02	1174	118 105%	44	228	Thirtin	
	laby 5 03 2000 bay 6 23 2500 Japan Dav Sk 5 5 01 200 Nama She Power 6 5 00 1550	80/2	89%	-4	7.97	Sweden 4 98 150000 What Burk 54 02 250000	116	1184	ql _k	2.15	500 100.44 100.54 5.7812	
	Japan Dev Bk 8°s 01500	105%	105% 90%	4	690 7.51	OTHER STRAKEN'S					May 's 96 Eta	
	Mainutin Hec 74 tg 1000	1017	1017	-4	7.08	Credit Fonder 7.50 02 UFr	102/2	10312		7.08	Lichtis Benic Perp & 0.10 Rnn as on no re cons	
	National State 1 (1974) 1975	101%	1014			Oracle Foreign 7.50 02 UF 2000 ER) 7 ² g 05 UF 9000 World Block 8 ² g 04 UFr 2000	105	108		0.36	MRH (4 05 650 99.81 99.97 5.5625	
	Portugal 5% (28	925	105 ¹ 4 92 ¹ a	-16	6.88 7.17	ABN Arm 6% OD R	310.5	1115		8.44	Nove Scote 1 99 500 99.97 100.08 5.7285	
-	Case Forestation (*2° 91	1052	1054	-4	6.76	#BN Acro 6% 00 Ft 1000 Austria 6% 96 Ft 1000 Bell Canade 10% 99 C5 150 Bellah Columbia 7% 03 C6 1280	1054		4le	4,14	Control of the contro	
	Quebec Prov 9 35 200 SAS 10 55 200	103%	103%	蓋	6.68	98) Canada 10% 98 CS	111	1117	4	7.21	Portugal & 99 DM 2500 10023 10023 34492 Cuebsc Hydro 0 99 500 99.64 39.74 5,6975	
	SNCF 8 ² 2 90 150	105	1054	4	يرمع	CHIRADE MED & HIND 84 16 CE 1000	105	1081	4	6.02	Perrie 0 98 500 99.64 39.74 5,6975 Spein 200 100.08 100.15 3,3477	
	Spain 5 ² 2 99	994	95	4	8.59 7.08	BR: 10 ¹ 4 98 CS 130 Bisc da Franca 9 ² 4 98 CS 275	107	1077	÷	5.05		
	Sinecian 55 ₂ 58 2000 Terrescoe Valley 8 00 1000 Terrescoe Valley 6 05 2000	97	977	- -	683	NW lot Fin 10 01 CS 400	112	1037	3	6.77	Seeden - 01 2000 - 99.89 99.96 5.4141	
	Terressee Valley 6 ³ g 05 2000	95 ³ t			7.16	Nicoro Tel Tel 104 99 CS 200	111	1114	4	6.21		
	Tokyo Bac Power 6 ¹ s 08 1000 Tokyo Motor 5 ⁵ s 98 1500	95½ 90	ggf.	-2	637 631	Ortanio Hvdro 107, 89 C2 FAN	1912	1054	Ì	7.20 5.82	AGUATULET DINERS .	
	Toyota Molor 5° 98 1500 Listed Kingdom 7° 08 3000 White Diany 5° 07 1500 Whold Bank 8° 05 1500 Wald Bank 8° 50 1500	100/2	102	1	674	Ontario 8 08 CS 1500 Ontario Hydro 107, 99 CS 500 Ontar Kontrollbunk 101, 98 CS 150	1105	1114	4	5.0B	Count.	
1	What Daney 67g OT 1900	27°4	974	3	7.00 7.00	Ouebec Hydro 7 04 CS 1000 Ouebec Prov 10 ¹ 2 98 CS 200			4	7.84	Alien-lating States and and and auton	
	Wast Back 82 99	152	105%	1	6.45		1134	1135	4	5.81 5.83	Gold Kelgoorie 71/2 00 65 137 1151/2 1161/2 Grand Mesopolitan 61/2 00 710 427 1161/4 1171/4 45,65	
	DEUTSCHE WORK STRAIGHTS .					Greate Foncier 8% 04 Ezzr 1000	1094	1007	4	5.75	Grand Memopolitan 6 ¹ 2 00 — 710 4.37 118 ¹ 4 117 ² 4 45.88	
	Antik 5 21 2000 ·	95%	95 ¹ 2		7.06	Denmark 8 ¹ 2 02 Ezz 1000 8C 6 00 Ebu 1100	1117	112	4		Herson America 2:39 01 420 29:6375 86% 86% 86% 86% 86% 86% 86% 86% 86% 86%	
	Backer-Village L-Flowers & SD _ 2000	104Ee	100%	4	425	38 10 01 Est 118h	1165	1164				
	Gudt Forciar 7 ¹ s (R) 2000 Denmark 6 ⁵ s 98 2080	TABLE .	105°2		804	Favo del Stat 10% 98 8cs 500	106%	1073		4.54	90 5.54 .931 941	
	Dards Firence (5) OR 1600	11/2	1024	4.	-	laby 10%, 00 Ecu 1000 Urand Kingdom 9% 01 Ecu 2760	4 673	1157	호	5.53		
	Diutchia Bik Fib 7'2 08 9000	1054	107.5	+16	6.00	ACC 10 99 AS 100	105%	106	4	5.84 7.54 7.73	Ogden 6 to 85 30.077 8212 94 +73.16	
		1964 1944	105%		477	Comma Bix Acadrada 13-1, 50 AS _ 100 EB 7-1, 55 AS 350	115°g	116 ¹ g	-	7.73	Perrusuli 4½ 03 500 56,8097 110½ 111½ 12.65 Sandox Capital 2 02 750 1302.26 110½ 111 425	_
	Patent 7 ¹ 2 00 \$000	200 L	105%		4.52	NSW Treasury Zero U 20 AS 1000	137	103 14 ¹ 2	44	6.88	Sappl BM Promes 7 to fig. 960 30 av. 1955	Ţ
	Tably 7 ¹ 4, 90 9000 ' USE States-Marriet Signat 2250	100	100%	1	538 590	R & Sark 7%, 03 AS 125 Same Bik NSW 9 02 AS 900	981,	98 ⁵ 8 105 ¹ 4	÷	ADS	Supports 1-2 00 40000 1059.4 104 105 +597	
•	Norman (5's 38 1900 '	TUBE:	70Pe		370	Sith Arrest Royal Flor (1, 170 ARC 480)	40.4	1054	Ì	7.95	Surrecting Bank 34, 04 300 3606.0 821, 831, 421.66 Son Alliance 74, 08 2 155 3.0 1081, 1071, 413.44	
	Columb 5% 04 1500 1 Spain 7% 08 4000 1	100%	100%	-	ET3	Unitaria Academia 12 St. AS 190	106	107	1	796	1 200 2 200 E 200 506 881, 841, 410.51	
		_				Western Aust Trees 7% 25 AS 100			7	7.26	Cult due mariet major arbbitol a bues La harmator major prévious quits bues	
	SHOWER BUILDING The yield is the yield			e di Se	e bid e	the amount issued is in colling of				_		





CURRENCIES AND MONEY

Data triggers dollar drop while sterling surges

By Richard Adams The dollar dipped against

the other major trading currencies yesterday as news emerged that the US trade deficit had ballooned to its

highest level for eight years.
The wave of dollar selling sent it below Y109, aided by news of a strong Japanese trade surplus. But the dollar ended the day in London at Y109.07, from Y110.20 the previous day.

The trade deficit also helped the D-Mark regain ground, following the dollar's failure to break key resistance levels. The dollar finished at DM1.5084, half a pfennig down from DM1.5143.

Meanwhile, rampant high street spending figures in the UK led to an initial buying surge for sterling against the dollar. Analysts said the spending figures reduced the likelihood of a UK interest rate cut. The pound closed

(E) 0.9682 (L) 2978.06 (LP) 48.4678 (P) 2.6380 (NK) 10.0781 (Es) 240.052 (P) 198.107 (SK) 10.3327 (SK) 10.3327 (SK) 10.3327

(AS) (HKS) (Pa) (Shk)

Hong Kong

Sattler 🔯

and Na

機関的である

- 12,0882 55,7082

18,5608 -0.0088 522 - 698
48,4676 -0.0204 234 - 128
9,0647 +0.001 597 - 698
7,0712 -0.002 682 - 771
8,0190 +0.0,178 161 - 218
2,3537 -0.0011 525 - 548
374,586 -0.268 400 -78
2376,05 +5,23 666 - 944
48,4678 -0.0204 224 - 128
2,6380 -0.001 334 - 398
10,0761 +0.0224 998 - 803
240,052 -0.429 912 - 191
196,107 -0.378 980 - 284
10,3523 +0.0265 228 - 417
1,9380 +0.0018 348 - 371

+0.0083 597 - 807 +0.0054 898 - 910 +0.0082 396 - 418 +0.0129 813 - 958 +0.0084 800 - 809

POUND SPOT FOR

Sep 18

up, worth \$1.5605, from lowed news that the US

The sales figures kept sterling buoyant against the \$11.68bn. D-Mark, despite the dollar's fall. The pound was worth DM2.8537, slightly down from DM2.3548.

Rumours of a surprise French interest rate cut today, and the release of the French budget yesterday, left the D-Mark firm against the French franc. The D-Mark closed at FFr3.407, from FFr3.397, as the budget details were much as the markets expected.

■ The dollar's fall - ironically coming after Bundes-bank council member Mr Hans-Juergen Koebnick said the US economy's fundamen tals supported the dollar/mark exchange rate - fol-

--- Prev. close 1,5560 1,5564 1,5566 1,6552

18.5315 18.5416 48.6300 48.4110 8.0963 8.0578 7.1110 7.0630 8.0430 8.0002 2.3642 2.3468 877.812 373.244

\$77.812 \$73.244 0.9699 0.9668 0.9677 2387.79 2371.21 2383.6 48.6300 48.4110 48.3728 2.5463 2.6356 2.6319 10.1535 10.0407 10.0666 240.835 239.882 240.477 198.905 197.961 198.367 10.3632 10.3033 10.3326 1.9447 1.9340 1.931

trade deficit in July shot up by over 40 per cent to

The deficit was possibly the highest ever, and the largest since the current data series started in January 1992, according to analysts at HSBC Markets in New York.

Ms Patricia Elbaz, a technical analyst at MMS Inter-national in London, said the market had overbought the dollar against the D-Mark, in the hope of overcoming resistance at DM1.5170. "In this case, resistance

held firm. The market is now looking for more selling pressure," Ms Elbaz said. She added that the failure to break that level was a bearish signal, set off by the defi-The key support levels for the dollar are at DM1.49 and

DM1.4730, and Ms Elbaz

thought the dollar could go

that low on the downward

trend. "The markets are

choppy at the moment so

2.8 47,4126 1.5 8,9228 0.7 1.9 7,8738 2.3 2,2989 0.7 0,962 -2.8 2425.93 2.4 47,4126 2.7 2,5722 1.0 9,9681 -2.1 200,382 0.0 10,3807 3.5 1,872

0.6 2.1262 0.5

0.9685 2993.45 48.1825 2.6199 10.0486 341.182 198.862 10.3327 1,9202

28 1.0 -2.1 -1.8 0.0 3.1

0.4

sure on the Finnish markka, after speculation among

Y160bn to Y314bn.

DOLLAR SPOT

Austria, Belgham Derament Finland Frances General Greece Instant Notwest Portugal Spain Switzerier Wickerier Switzerier Switzerier UK

106.8 107.6 65.3 108.5 67.1 100.2 76.8 108.6 108.6 98.8 98.8 98.8 171.1 80.2

133.6

during the EU finance minis-After Tuesday's activity reputed to be the busiest trading day in the markka's history – the Finnish central bank cut its tender rate yes-terday by 15 basis points, to

nor of the Bank of Spain, said yesterday Spain must be in the first phase of monethere could be a pull-back." tary union, and that it can-Ms Elbax sald. The yen's strength fol-lowed news the Japanese not count on delays in the original timetable. trade surplus for August Answering questions from dropped 31 per cent, to Y369bn from a year ago, but

-0.0492 104 - 184
-0.12 400 - 800
-0.0194 075 - 105
-0.0198 905 - 340
-0.0082 385 - 392
-0.0099 081 - 085
-1,01 000 - 100
+0.004 110 - 128
-1.88 380 - 440
-0.12 400 - 800
-0.0207 580 - 910
-0.0207 580 - 800
-0.08 910 - 000
-0.085 790 - 800
-0.085 790 - 800
-0.085 790 - 800
-0.085 790 - 800
-0.085 790 - 800
-0.085 790 - 800
-0.085 790 - 800
-0.085 790 - 800
-0.085 790 - 800
-0.085 790 - 800
-0.085 790 - 800
-0.085 790 - 800

- 996 - 999 - 190 - 198 +0.0012 715 - 720

+0.0021 689 - 677
-0.0003 280 - 580
-0.0088 610 - 680
-1.13 040 - 100
40.0018 970 - 980
-0.0001 245 - 255
-0.00 - 507
-0.001 507
-0.001 507 - 000
-0.05 500 - 000
-0.05 500 - 000
-0.05 500 - 000
-0.05 500 - 000
-0.05 500 - 000
-0.05 500 - 000
-0.05 500 - 000
-0.05 500 - 000

1,6005 6,4565 153,635 188,955 6,6214 1,2407 1,5605 1,2564

0.9999 1.0199 1.3718 7.4906

7.7386 35.7000 3.1615 109.070 1.4249 26.2300 0.7505 1.4072 4.4575 828.500 97.5040 95.3340

well above forecasts of Sep 18 8

Chart 60 41 2955 - 17 2955 24 3301 - 36 250

Hougery 238 473 - 238 253 133 470 - 133 250

Home 25 270 - 450 100 302 00 - 250 100

Remott 0.4074 - 0.4051 0.2055 - 0.2007

Poland 43321 - 4.3577 2.7770 - 2.7780

Roses 8477 74 - 6.27 25 250 0.0 - 200 100

HAE 5.200 5.200 5.500 0.0 - 200 100

HAE 5.200 5.200 5.500 0.0 - 200 100

HAE 5.200 5.200 5.500 0.0 - 200 100

HAE 6.200 5.200 5.500 0.0 - 200 100

HAE 6.200 5.200 5.500 0.0 - 200 100

HAE 6.200 5.200 0.0 - 200 100

HAE 6.200 0.0 - 200 0.0 - 200 100

HAE 6.200 0.0 - 200 0.0 - 200 100

HAE 6.200 0.0 - 200 0.0 - 200 0.0 - 200 100

HAE 6.200 0.0 - 200

10.6860 10.5800 31.1970 30.9810 0.8375 5.7955 4.5676 4.5175 5.1568 5.1285 1.5158 1.5050 12.420 22.201 1.5152 1.6065 1832.50 1519.01 11.1177 1.6670 8.5045 6.4435 114.540 128.730 6.5498 6.6085 1.2478 1.2384 1.5534 1.5552 1.2586 1.2304

0.9999 1.0195 1.9724 7,4950

7.73(0)

0.**9998** 1.0189 1.3709 7.4850

1,2638 7,7319

7.7880 7.7819 35.9300 35.4600 3.1732 3.1804 110.400 108.970 2.4936 3.462 1.4267 1,4244 28.2600 25.300 3.7508 3.7502 1.4117 1,4052 4.4900 4.4815 828.400 828.100 27.5100 27.4500

4,526 5,1313 1,5057 241,725 1,6123 1528,7 31,006 1,6871 6,4536 154,15 127,205 6,6205 1,2571 1,3571

2,4984 1,428

3.751

4.535

FM3.0 to the D-Mark.

don that Finland would parliamentarians, Mr Rojo enter the European said it would be "a clear misexchange rate mechanism take" for Spain not to be included in Emu. "Trying to ters meeting at the weekend. join is fundamental. We cannot count on their being delays. We would risk arriving late and becoming desperate. We must be included

in the first phase," he said. The peseta strengthened 8.10 per cent. The bank was against the D-Mark and the said to have intervened to dollar following Mr Rojo's keep the markka above comments. Against the D-Mark it finished at Pta84.15, from Pta84.29, and ■ Mr Luis Angel Rojo, goveragainst the dollar at Pta126.955, from Pta127.635.

> ■ The next two monetary policy meetings between Mr Kenneth Clarke, the chancellor of the Exchequer, and Mr Eddie George, governor of the Bank of England, will take place on September 23 and October 30, according to minutes of the last meeting.

 For the latest market update, ring FT Cityline on +44 990 209909

10.3679 30.295 8.7155

8.7755 4.4575 5.0494 1.4727 259.05 1.6047 1559.8 30.398 1.6482 8.4115

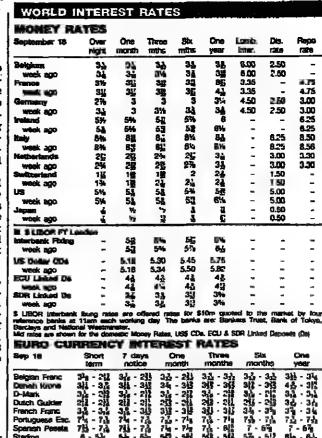
129.175 8.5979 1.1962 1.5823

2.2 10.5514 2.1 30.8978 1.5 5.7845 1.7 4.513 1.8 5.1174 2.1 1.4999 -8.4 245.075 -9.4 1.6132 -8.7 1896.85 2.1 30.8975 2.4 1.68 0.5 EA44 -2.5 154.74 -2.5 154.74 -2.5 15597 0.3 1.5597 0.3 1.5597

7.735 36.155

107,725

3.7517 1.8977 4.625



TA 84.6 V.B 108.3 -0.05 -0.03 -0.04 35,291 8,245 2,302 7.8 105.2 2.4 107.9 -7.9 88.8 0.4 -2.3 78.2 2.1 105.4 2.5 106.3 0.7 97.9 -2.0 95.5 -1.7 80.2 0.4 89.5 -0.1 86.8 -0.1 86.8 🛍 (LIFFE)" DM Im points of 100% Est. vol Open int 96.82 96.72 96.52 96.25 4Q.D1 96.50 96.23 96.73 96.55 96.28 123029 ES MONTH RUNDLING FLYTURES (LIFFE)" L1000m Low High Eas. voi Open int. -0.09 -0.07 -0.06 -0.04 92,40 92,40 92.48 92.47 2968 1007 EE MONTH HURO SAMES FRANC PUTURES (LIFFE) SFr1m points of 100%

+0.10 +0.12 +0.13 98.04 97.93 97.73 97.47 46848 17796 97.92 B6,01 97.82 97.59 97.38 97.82 97.59 97.38 2535 526 5986 1996 +0.13 MICHTH EUROYEM FUTURES (LIFFE) Y100m points of 100% Est, vol. Does int. 99,35 99,15 98,98 99,25 99,18 WOWTH ECU FUTURES (LIFFE) South points of 100% 96.75 96.73 96.60 96.39 -0.03 -0.02 -0.01

+0.0099 784 - 788 +0.041 619 - 704 +0.191 800 - 363 +0.0066 912 - 418 -1.174 102 - 294 +0.0168 853 - 361 -0.0019 222 - 251 +0.1403 790 - 862 +0.0207 945 - 978 +0.0255 966 - 944 +0.955 248 - 321 +0.1487 984 - 386 +0.0734 480 - 844 -10 to prod floor table 844 3,9030 3,8228 3,9030 3,8228 2,2288 2,2188 40,9696 40,8611 5,8834 5,8326 2,2028 2,1939 7,0118 6,9782 1295,28 1288,44 42,919 42,766 CROSS RATES AND DERIVATIVES

56,0400

4.9457 4.9310 171.930 170.030

21.31 3.994 11.40 2.136 12.89 2.414 4.395 0.822 10.87 2.000 0.434 0.081 3.916 0.784 10.25 1.921 4.302 0.808 5.216 0.977 10 3.936 4.825 0.904 6.618 1.240 6.098 1.137 10.39 1.558 2.083 4.417 1.103 2.382 1.247 2.670 0.425 0.910 1.033 2.212 0.042 0.090 0.579 0.812 0.992 2.124 0.416 0.862 0.005 1.081 1 2.141 0.467 1 0.641 1.572 0.586 1.256 0.605 1.724 4.857 2.597 2.636 1 2.432 0.660 0.662 2.335 0.960 1.198 2.279 1.216 1.506 1.506 1.506 1.506 1.506 20.80 11.12 12.57 4.282 10.41 0.434 3.831 110 4.198 5.098 9.755 7.008 4.708 8.457 5.922 8.118 2.562 1.270 1.549 0.528 0.052 0.471 1.292 0.517 0.627 1.242 0.562 0.776 0.776 1 18,70 10 11,30 3,851 9,365 0,381 3,778 4,578 4,578 4,578 4,580 9,065 4,234 5,807 5,386 7,286 1.997 1.000 1.207 0.411 1 0.041 0.857 0.900 0.408 0.439 0.937 0.500 0.452 0.620 0.550 0.550 4908 2225 2985 1010. 2457 100. 901.4 235.9 980.4 1200 2302 1228 2378 1111 1823 1397 1915 5.449 2.910 3.290 1.121 2.725 0.111 1 2.617 1.000 1.363 2.654 1.363 1.008 1.500 2.124 495.4 294.9 298.4 102.0 248.0 10.10 31.02 288.2 100. 121.2 282.4 124.0 240.1 112.1 155.5 141.1 163.3 18.54 8.846 10 8.294 0.337 3.040 7.955 3.340 4.042 8.019 3.745 8.137 4.712 8.457 408.7 218.5 247.0 94.18 204.8 8.331 70.09 196.5 82.53 102.3 102.3 105.1 105.4 105.5 126.9 116.4 159.5

High 0.6676 0.6721

UK INTEREST RATES 3-6 months 212 Certs of Tax dep. (£100,000) 2¹2 Certs of Tax dep. under £100,000 is 2¹2pa. Do Avm. tender rate of discount on Sep 13, 5.514

5175 52584 51558 107625 37397 78373 28854 70858 5824 39673 Low 94.13 94.07 93.88 93.80 Set price Change 94.13 -0.02 94.06 -0.07 63.90 -0.11 93.61 -0.13 93.28 -0.13 High 94.16 94.16 94.01 93.74 93.40

0.27 0.43 0.63 0.17 0.05 0.01

> BASE LENDING RATES Cryonal Popular bank
> Duncan Lawrie
> Exacer Sank Limited
> Financial & Gen Bank
> 7.00
> eRobert Fleming & Co 5.75
> Grobertk
> 5.75 eRea Brothers 5.75
> Royal Bix of Scotland 5.75
> eSinger & Friedlander 5.75
> eSmith & Wilman Secs 5.75

> > Bernary 1920 - 1 ...

eSmith & Warnan Secso. 175
Sootlish Wildows, Bank, 6.75
TSB 5.75
United Bank of Kuwak. 5.75.
Unity Trust Benk Plo: 5.75
Western Trust 5.75
Whiteserry Lakterr 5.76
Yorkshire Bank 5.78 5.75 5.75 5.75 5.75 5.76 5.76 5.76 Girobank 5.75
e-Guinness Mehon 5.75
Heibib Bank AG Zurlch 5.75
Herbitine & Gen Inv Bk.5.75
e-Hill Samuel 5.75
e-Hill Samuel 5.75
Honglong & Shamphal 5.75
Julian Hodge Bank 5.75
Lloyde Bank 5.75
ELoyde Bank 5.75
Midand Bank 5.75
Midand Bank 5.75
Midand Bank 5.75
Midand Bank 5.75 Bork of Scotard

EMS EUROPEAN CURRENCY UNIT RATES 190.988 -0.177 0.765427 -0.007038 2.14283 -0.00083 195.106 -0.217 98.3587 -0.0094 1.07198 -0.00078 12.4525 -0.00078 -0.93 -0.86 -0.44 -0.35 -0.09 0.10 0.10 1.07 162,495 0,792214 2,15214 196,792 39,3960 1,91007 13,4388 7,28560 2.69 2.59 2.16 2.07 1.60 1.61 1.50 0.64 0.00 +0.00060 1930.87 +3.23 0.810705 -0.002722 3.84 -8.23 3.06 292.867 2100.15

2.10 1.48 0.99 0.82 0.35 MYH EURODOLLAR (MM) \$1m points of 100% Latest 94,44 94,07 93,92 159,943 261,911 200,575 447,507 204,949 342,164 94.07 93.92 # US TREASURY BELL FUTURES (IMM) \$1m per 100% 94.66 94.65 94.46: 94.49

Dec 1.07

Dec 0.08 0.21 0.43 0.19 4.34 0.55 9675 9700 9725 0.13 0.16 0.06 0.02 0.07 0.03 0.31 0.52

0.87 0.69 0.53

USD 500,000,000 **BANCA DI ROMA** Floating Rate Depository Receipts due 2003

Interest Rate Interest Period September 18, 1996 December 18, 1995 Interest Amount due on December 18, 1996 per USD 1,000, USD 14.22 USD 10,000, USD 142.19 USD 100,000 USD 1,421.88

BANQUE GÉNÉRALE DU LUXEMBOURG Agent Bank

KEPCO'S Kansai: A greater GDP than all but 6 countries. KAISAL

Part Prince of Technic Fields and the state of the sta LIMITED R. Jan Molson

THE MOLSON COMPANIES



Mr. Eric H. Molson. Chairman of the Board of The pleased to announce the election of Mr. R. Ian Molson to the Board of Directors.

Mr. Molson is a Managing Director and partner of CS First Boston in London, England, where he is Head of Investment Banking for Europe, with responsibility for corporate finance and advisory, and mergers and acquisitions. Born in Montreal, he is a graduate of Harvard University.

The Molson Companies' principal business is brewing and related sports and entertainment activities.

MIKUNI'S CREDIT RATINGS on about 4,000 bond issues and about 1,300 short-term notes Cost: US\$ 5,000 per year uni & Co., Lts. growen 45 Mori Building, 1-6, Toronomors 5-c) ario-ku, Tokyo 105, Japan or Fax 03-5472-665

Financial information Service on Japanese Corporate Issuers

fast Fills. Low Rates.

PREAD BETTING ON OVER EIGHTY MARKETS

The FT GUIDE TO WORLD CURRENCIES, published in Monday's supaper and covering over 200 currencies, is now swallable by dislining the follow sunder from the larypad or bundest of your fact matchine. 0897 437 801. Calls are charged at 39phina cheep rises and 49phinal at all other those, For service and the UE please telephone +44 171 873 4378 for details on Cityline Internation

you would like to advertise, or require an further information, please contact; Jeromy Nelson Tel: 0171-873-3447 Fax: 0171-873-3062

THE TOP OPPORTUNITIES SECTION

For senior management positions. For information please contact:

Robert Hunt

+44 0171 873 4095

COMMODITIES AND AGRICULTURE

Gold demand 'down sharply in first half'

By Richard Mooney

The first half of this year saw a significant fall in world demand for gold, says **Gold Fields Mineral Services** the London-based commodity research company specialising in the gold and silver markets.

In its first update of the 1996 gold market situation, published yesterday, GFMS attributes the sharp decline - "especially relative to the strong first half of 1995" - to falls in demand from the jewellery manufacturing sector and in coin demand "and to a (relatively) sharper ticularly in Japan".

On the supply side of the equation it notes that rising mine production in Australia and Canada helped to reverse the overall downward trend of the previous two years. There was also strong growth in some developing countries "particularly in Latin America and Asia". had sold 203 tonnes of the These increases were enough to outwelgh a continued of precious metals from its the market through pro-

		GULD	SUPPLT	AND DEMAND (ouves!	
		1996	1995		. 1996	1995
				Desumid		
		1.120	1.086	Jawellery	1,344	1,395
KS.		108	196	Bectronics	100	99
-		338	293	Official coins (sales)	31	46
		1		Other fabrication	104	101
		•	198		122	180
						18
					2	
					24	
		160		Investment		50
		1,727	1,885	Total	1,727	1,883
	es	ng not tally because o	1,120 108 338 1 160	1,120 1,086 108 196 338 293 1 198 110	1,120 1,086 108 196 Jewelfery Bectronics 338 293 Official coins (sales) Other fabrication 198 Ber hoarding 100 Gold loans Forward sales Option hadging Investment	1,120 1,086 Jewellery 1,344 ss 108 196 Electronics 100 338 293 Official coins (sales) 31 1 Other fabrication 104 198 Bar hoarding 122 110 Gold loans Forward sales 2 Option hedging 24 1,727 1,888 Total 1,727

decline in South African output, GFMS says.
"By contrast," it notes

"the 108 tonnes of official sector sales was only around half of what was seen in the first half of 1995." It cautions, however, that "certain assumptions have had to be made about the timing. mechanism and destination of the Belgian sale." (It was revealed in late March that that country's central bank

said the gold had gone to another central bank.) "In addition," GFMS says, "as further unreported sales may well have taken place during the first half of 1996, the final figure may ultimately prove to be higher than the initial estimate."

The update says there was "a sharp reversal" in the hedging policy of producers in the middle of the first

reserves in seven years. It ducer hedging during the first half of 1995, hedging made little contribution to the overall supply-demand balance in the first half of

GFMS suggests that the price rise that peaked in early February at a six-year high of US\$414.80 a troy ounce was restrained by sales from "the official sector" and attributes the subsequent erosion of gains to "sales from private investors as well as by weaker physical demand - in part the London SWIP IDH

local prices in many markets"

Dr Stewart Murray, one of the authors of the reports, suggested yesterday that this distrivestment was primarily the product of distillusionment about gold's prospects of regaining, in the short term, the ground lost after February's price spike.

"In an environment of low US interest rates, many investors have appeared to favour the much more volatile soft commodities and the equities market rather than precious metals."

In the coming months, he said, the gold price's perfor-mance was likely to be determined by the levels of offtake in the physical market together with "the levels of producer hedging, official sector activity and the perceptions of western investors about gold". Gold 1996 - Update 1: Avai

able for £105 (US\$165 outside the UK) from GFMS, Green-coat House, Francis Street,

ity Exchange] silver deposi-

tor, effective January 1,

1997," its says. "In advance of this date, Wilmington Trust will begin reporting

the amounts of silver it has

in its vaults that are eligible

and suitable for Comex

WTO farm committee faces its first challenge

Geoff Tansey on next week's Geneva meeting

hen the Committee on Agriculture of the World Trade Organisation begins its two-day meeting next Tuesday in Geneva uppermost in its thoughts will certainly be the first ministerial meeting of WTO in December and the recommendations it must

The committee reviews progress in implementing the agreement on agriculture made in the Uruguay round of the Gatt, which brought agriculture into world trade rules for the first time.

Most business this month concerns member states' notifications about the commitments they make that show their compliance with the agreement. There are 100 notifications on the table and about 20 have been questioned by other members. These focus largely on tariff quotas, which allow reduced rates for certain quantities, and a couple on export subsidies. The questions tend to come from the major players - the Canns group of food exporting countries, including Australia and Argentina, the European Union and the US and cover three areas. One is market access, tariffs and tariff quotas. The current session will look at the results in 1995.

Another concern is levels of domestic support. Most member states have a maximum level allowed, but as they cover the whole agricultural sector there is a lot of flexibility. Many policies are also exempt from domestic support limits as they fall into a "green box". These includes funding for research, quarantine, pest and disease control, infrastructure, domestic food sid and stockholding for food security purposes. Also included are direct

ers, which are separated from production decisions. Developing country members have additional exemptions, mainly covering investment, such as subsidised credit, and input subsidies, mostly for fertiliser and

A set of "blue box" measures are also exempt from the reduction targets. These were agreed between the US and the EU at Blair House and cover direct payment under production limiting programmes, such as set aside and US deficiency pay-

All these different exemptions are one reason why for many countries the agreement on agriculture "leaves much to be desired", as WTO director General Renato Ruggiero put it in a speech earlier this month in Argen-

TO members who introduce an was notify WTO about it immediately - as the US has with the latest Farm Bill. This mandatory reporting offers a structured way for exchange of information and the committee provides an opportunity for peer group essure to affect agricultural policy, WTO officials bollova

Export subsidies are the final area for notification. New ones are prohibited for most members and existing subsidies, such as those widely used in the EU, are scheduled to be reduced over the next six years..

Committee members are free to bring up any points that concern them about others' trade policies, with the member challenged having to explain its position and how its policy fits in with WTO rules.

A major issue is the decision on mitigating the possible negative effects of the agreement on the least developed, net food-importing countries taken when ministers signed the Uruguay Round final act in Marrakesh in April 1994. Of the 48 LDCs recognised by the UN, 24 are WTO members. in addition there are 15 self-declared net food-importing developing countries who are also beneficiaries of the decision. Two more want to join the list.

Another issue is ensuring the availability of adequate supplies of basic foodstuffs on reasonable terms and conditions, with the developed countries having agreed to focus their aid to LDCs on increasing their agricultural productivity. The decision also called for donors to provide food aid as grants not loans and for the World Bank and IMF to have adequate short-term facilities for financing cereal purchases for countries in difficulty. The review of these areas is expected to take un most of the November meeting and produce recommendations for the ministers in

Singapore. The permanent representatives of WTO member governments in Geneva form the committee on agriculture but they draw in specialists when queries have to be dealt with. The committee meets in closed session in March, September and November, and in open session after six months.

It is just one of over two dozen committees monitoring the many agreements that make up the Uruguay Round. Others affecting agriculture include the Committee on Sanitary and Phytosanitary measures, which monitors measure to protect human, animal and plant health, the Council on Trade Related Intellectual Property, which deals with patents, and the Committee on Trade and Environment.

Report dismisses silver stock 'guestimates'

By Richard Mooney

World private sector silver stocks stand at present at somewhere between 780.3m and 1.083bn tray ounces, according to CPM, a New York-based precious metals and commodities and consultancy. The figure includes bullion and coin stocks but excludes metal held by gov-

In a special report con-

and discards the extreme 'guestimates' circulated by groups trying to push silver prices higher or lower". CPM describes the question of how much silver

exists in unreported stocks around the world as "the single most important issue concerning the outlook for silver prices". "You can ignore anyone

Christian, discussing the results of the company's latest studies this week. "What they are saying has no relevance to the sliver market. and the fact that they are saying it indicates they really do not understand the parameters of market-avail-

"If you accept, for the sake of argument, the proposition who talks about 1,5bn that such stocks exist," the tained within the company's ounces, 2.5bn ounces, or report says, "you have to silver review for the third more silver lying around the accept the proposition that quarter of 1996, CPM claims market," said CPM manag- they already existed in

able silver stocks."

that it "summarily disputes ing director Mr Jeffrey M. 1978-80, when silver prices Comex (New York Commod rose 900 per cent, and that they have been there ever "The fact is that this

metal, the existence of which is unsubstantiated and unprovable, has nothing to do with the market." The report notes that a substantial proportion of the

unreported silver stocks is believed to be held in the vaults of Wilmington Trust Company in Delaware. "Wilmington Trust has been approved as a licensed

Silver, Third Quarter 1996: Available for US\$150 from CPM Group, 30 Broad Street, 87th Floor, New York, NY 10004, Tel. 212 785 8820; Fox

Copper prices rise strongly, aluminium also firmer

COPPER prices rose strongly on the London Metal

M HOCKEL IS yes torrest

High/low Am Official

TIN (S per torre

Kerb close Open est Total daily turnou

E ZINC, sp

Kerb close

M COPPER,

Total daily turnover

7435-40 7425-35

6130-40 6105-10 6150/6100

1036.5-7.0

6050

1003-3.6

rade A IS per ton

day and follow-through short-covering in subdued

tonne, up \$55. had some covering today months position gaining Traders were looking for and we have also seen some more short tarm gains, with trade buying coming in," The three months delivery the next upside target at said one. Exchange yesterday, boosted price finished after hours \$1,950. "The market was ALUMINIUM prices rose

\$13.50 to \$1,433 a tonna. "The aluminium market was well oversold and due for a bounce," said a trader.

by US-led gains late on Tues- "ke	rb" trading at \$1,925 a short las	t week so we have with copper, the	three Compiled from Reuters	decoupled payments to farm- bl
COMMODITIES PRICES				
BASE METALS	Precious Metals continued			MEAT AND LIVESTOCK IN LIVE CATYLE CME (40,000/be; content/be)
(Prices from Ameigemented Metal Trading) E. ALLISHMUM, SQ.7 PURITY (5 per torne) Cash S. mities	Sett Day's Open price change tilgs low Yet lot Sep 383.0 +0.2 383.1 383.1 1	Sett Dray's Open price element High Low Vol let 8sp 104.80 +0.75 81 Sep	Sult: Day's Open price strange High Law Yol int 945 -10 550 981 106 616	Sett. Beg's Open Topics Common Prior change High: Low Vot Int Out 72.825 -0.176 73.100 72.880 8,576 30,771
Close 1392.5-3.5 1428-8 Previous 1392.5-83.5 1418-19 High/low 1392 1435/1423 AM Official 1391.5-2.0 1427-7.5 Kerb close 1493-3.5	Oct 363.4 — 383.6 362.7 863 8.45 Dec 368.3 +0.2 387.0 365.3 12,603 1,039 Pub 368.6 +0.2 389.1 366.4 2,300 13,039 Apr 391.3 +0.3 391.5 390.7 502 8,032 Jon 363.9 +0.4 394.3 394.3 28 11,12 Total	New 108.30 +0.90 108.30 104.90 165 2,007 Den 108.10 +0.70 108.10 108.90 67 1,968 Nier 110.00 +0.90 110.00 102.70 67 1,223 Nery Niery 112.00 +0.95 112.00 112.00 20 883 Jul Jul 114.80 +0.80 113.00 113.00 10 175 Nery Tubal 109.00	979 -2 963 979 864 38,095 998 -4 1003 996 864 06,686 1013 -4 1013 1013 148 21,341 1028 -5 1032 1028 55 11,283 1043 -4 1045 1043 127 3,841	T.525 -0.259 57.589 57.585 4,763 22.066 786 54.590 -0.225 54.775 54.390 2,442 18,786 54.590 -0.225 54.775 54.390 2,442 18,786 54.575 64.290 191 3,408 64.575 64.590 64.500 122 3,846 786 786 786 786 786 786 786 786 786 78
Open int. 207,450 Total daily turnover 55,754 pt ALUMINALIA ALLCTY (\$ per tonne)	M PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) Oct 382.5 +1.5 393.4 390.5 5,512 13,985 Jan 394.4 +1.7 395.0 382.5 4,784 9,705	Sep 432.50 +9.5 432.50 422.00 334 1,520 0ec Dec 424.25 +1.76 425.00 414.00 9,253 48,144 Mer	1389 +1 1383 1364 6,178 31,490 1385 +4 1387 1380 796 17,283	TE LIVE HOGE CIME (40,000th compile) Out 85.526 +0.900 85.760 84.400 3,483 8,442 Dec 86.450 +0.775 56.675 95.500 3,571 14,930
Closo 1210-15 1240-3 Previous 1185-805 1230-35 High-low 1241/1240 AM Official 1205-10 1241-2 Kerb close 1246-60	Apr 396.9 +1.7 398.0 386.6 119 5,670 July 396.9 +1.7 398.6 596.6 61 69 Out 403.4 +1.7 2 23 Total 19,487 29,670 EE PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.)	Her 419.28 +6.5 419.00 409.00 1,825 12,166 May Hey 405.50 +6.5 406.00 396.00 146 634 Jef Jef 185.75 +8.75 386.00 377.00 616 4,860 Bep Sep 367.00 +8 383.00 386.00 20 92 Dec Tribil	1426 +1 1426 1496 5 6,014 1440 -4 1440 1440 80 8,800 1467 -4 678	Peli 76.525 +0.573 76.575 75.890 772 4,812 Agr 78.559 +0.600 78.550 72.750 127 1,785 1
Open int. 4,877 Total daly furnover 1,164 III LEAD (5 per torine)	Sup 121,25 3 34 Due 122,50 - 123,00 122,00 135 7,786 Marr 123,50 - 124,25 124,25 3 186	B MAZZE CBT (5,000 bu min; cents/66tb bushe) B CO Sep 355.50 +436 MAINO 344,00 4,882 2,194 Sep 17 Dec 315.50 +1 316.25 300.50 38,989191,047 Daily	OCOA (ICCI) (SDR a/torne)	Point SELLIES CARE (40,000 to contaction) Point 78,550 +2,000 78,550 77,050 2,951 4,828 Reg 78,550 +2,000 78,550 77,250 214 688
Ciceo 788-6 785-6 785-6 785-6 785-6 785-6 785-778 780-61 781 787/780 781 782-3 787-8 780-61 780-787-8 787-8 787-8	Jun 124.85 - 1 111 Total 138 Sub-Print 128 S	Hier 223.75 +1.25 324.25 318.00 8,905 55,017 Hiery 330.25 +0.75 331.00 325.00 3.942 24,126 Jul 332.25 +0.75 332.75 327.00 1,376 18,333 Sep 312.00 +0.75 312.00 308.00 147 2,045 Total B SARLEY LIFTE (2 per tonne)	DFFEE LIFFE (\$/korme) 1896 I-5 1610 1590 155 1,458 1518 -8 1546 1516 2,533 12,670 1467 -4 1401 1446 355 5,857	They 60.500 +2.000 80.800 77.500 729 316 au 80.825 +1.625 80.800 79.200 10 94 Aug 78.400 +2.000 74.750 74.850 3 22 Total
Total daily turnover 11,991	Dec 8098 +2.0 810.5 50#1 11,580 64.81	The MANUAL LANGE STREET STREET	74271 -6 1456 1430 298 3,369	ONDON TRADED OFFICIA

ENERGY

+0.44 23.90 23.25 42.176 41.538 +0.46 23.47 22.86 33.187 72.904 +0.47 22.92 22.46 13.510 59.575 +0.46 22.33 21.88 6.167 86.943 +0.43 23.17 21.44 2.287 25.078 21 99 13,777 68,477 21.45 6,810 38,056 20 90 2,642 21,920 20.32 677 10,897 677 10,897 1,023 9,531 10 4,711 10 1,711

763 9,168 221 4,699 39,308 139,077

90.80 +2.00 IN NO 89.00 90.05 +1.85 88.90 89.90 207 2.130 90.05 +1.85 88.90 89.90 27 7.089 25.332 89 25 +1 65 89 10 89 10 PRECIOUS METALS

Gold(Troy 02) \$ price £ equiv SFr equiv Cicee 383.10-783.50 Opening 382.80-383.20 382 90. 383.00 245,496 478,825 ... 4.13 US ets equiv. 504.80 510.70 337,50 340 50 517.30 530.85

\$ price 388-389

247-249

2.145 -0.006 2.155 2.105 8.567 25.218 2.330 +0.010 2.335 2.295 3.893 16.590 2.380 +0.010 2.385 2.320 2.204 14.465 2.290 +0.010 2.290 2.265 802 8.392 2175 +0.015 2175 2150 555 5.89 +0.56 63.65 62.40 13.883 24.363 63.10 62.45 +0.52 62.85 61.80 61.80 +0.52 62.10 61.25 60.75 +0.39 61.25 60.65 60.35 +0.59 60.50 60.35 1,691 6,838 603 6,104 174 1,881

211,00 +3.50 211,50 208.25 3,713 15,219 204,75 +2.75 205.50 203.50 3,913 16,922 198,75 +2.25 199,25 197.75 4,068 10,219

1.920 -0.014 1.940 1.886 19,715 28,413

100.50 +0.75 100.00 100.00 102.25 +1.10 (02.90 (03.01) 103.75 +1.00 104.00 102.75 -1.45 107.00 104.00 -0.95 103.00 100.80 -0.85 103.00 100.80 -0.50 103.00 101.00 819.50 +4.5 821.80 808.00 983 1,201 794.00 -2 795.50 783.50 41,575123,292 801.75 -1.75 808.50 792.00 3,784 26,787 808.00 -1.25 809.00 799.00 2,100 14,817 25.15 -0.16 25.19 25.00 480 227 25.20 -0.19 25.31 25.08 4,035 14,431 25.63 -0.2 25.75 25.50 7,984 45,141 25.67 -0.23 25.97 25.75 407 7,532 26.17 -0.26 26.32 26.12 289 8,088 +4.3 346.3 335.0 -8.2 327.5 326.5 -4.4 327.5 327.0 -4.5 328.5 328.0 274.9 +1.1 275.0 271.3 2.219 2.885
281.5 -0.4 261.9 258.1 6,570 20,136
256.9 +0.3 257.4 253.0 9,125 45,332
256.0 +0.5 255.5 251.9 1,009 9,820
249.5 +0.6 263.5 249.5 1,109 9,820
249.5 +0.6 249.5 247.5 675 6,200 11.46 -0.03 11.50 11.3918.583 35.283 11.30 +0.02 11.35 11.2620,103 64,503 11.21 +0.04 11.22 11.18 8,380 21,085 10.97 +0.04 10.99 (1.05 2,132 14,341 18.86 +0.03 10.90 10.86 1,192 9,367 34.5 -0.6 74.5 67.5 76.0 84.5 ■ COTTON NYCE (50,000lbs; cents/lbs) 73.45 +0.57 73.50 72.60 806 3,839 74.45 +0.40 74.60 73.70 5,508 28,710 75.83 +0.37 75.55 74.93 579 8,837 76.24 +0.27 76.40 76.55 34.8 6,681 76.85 +0.22 77.60 76.43 135 4,714 847 1,325 327 967 +22 105.45 -2.70 106.75 104.90 502 8,99 105.70 -2.05 106.70 106.20 -2.05 110.25 107.40 -2.05 111.75 110.25 -2.05 ~ 110.50

Nuts and Seeds
Prices from Kenkko Group; US\$ a tonne, kantan pistachica 28/30 rate (in shell) naturally opered fround; 1996 crop satmated 30% down, price indicated at 3,050 GPR/FOT MEP for October/November etionent. US atmonds (shelled): 22/25 MPSSR 5,800 FAS California, shipment September-October, US walnuts; UHP 20%; 5,500; In-shell 2,205 - both FAS California, October shipment. Turkish hazaltusts, standard No 1, 3,100 FOB. Second hand market, 1995 crop at 3,500-3,900 ex-door Germany, Indian cashews; taw. W-320, 5,600 FOB MEP, supplies short, israell sundower seed: up from 1,900 to 2,100 CPR MEP, availability tight. Figs No 1, 2,500 FOB MEP -

Sep 17 Sep 16 month ag 244.40 244.15 GSCI Spot (Base: 1970=100) ability tight. Figs No 1, 2,500 FOB estimate is 35% down from 1995.

YOUNG DATA # FIEUTERS (Beec: 18/9/31=100) Sep 17 month ago year ago 1908.5 1940.9 2110.2

LONDON TRADED OPTIONS Jim 117 83 55 Jan 181 122 -77 COCCA LIFFE 70 +0.605 \$22,27-2,30 \$222-224 \$113-115 Heavy Fuel Oil E OTHER Gold (per troy oz) Silver (per troy oz) Platinum (per troy oz.) \$120.50 96.0c Lead (US prod.)

45.00c 14.94r 251.50 95.34p 117.93p \$288.60 Linq Unq Unq \$527.5x

-0.02 -2.00 Pigs (I've weight)† Lon. day sugar (raw) Lon. day sugar (wis) Barley (Eng. feed) Metze (US No3 Yellow) Wheat (US Dark North)

tan est**a**d pérsai estreta Mini-

CROSSWORD

No.9,177 Set by CINCINNUS

Place and time for a pest (6) room for improvement (7) 8 Watch old boy attend to customers (7)

11 Butterfly embarrassed a naval officer (3,7) 12 Goddess of the rain (4) 13 Leader of Sherpas on mountain top, say (5)
14 How to follow teams subordinate exhibition (8)

16 Worried – by sign of courage of Crane, Stephen? (8)

18 Abandon holidays? (5)

Mark or Cliff (4) 21 Scullery maid recalled in play (10) 23 What's left of a miners union (7) 24 Constant designer, pleasantly pungent (7)

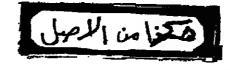
25 Cover point with former premier (6) 26 Forestry centre goes after new sort of palm trees (6) Unattached spinster's beginning to go into town in Cornwall (5) Reconstituting a scarce Mary Keats, fashionable

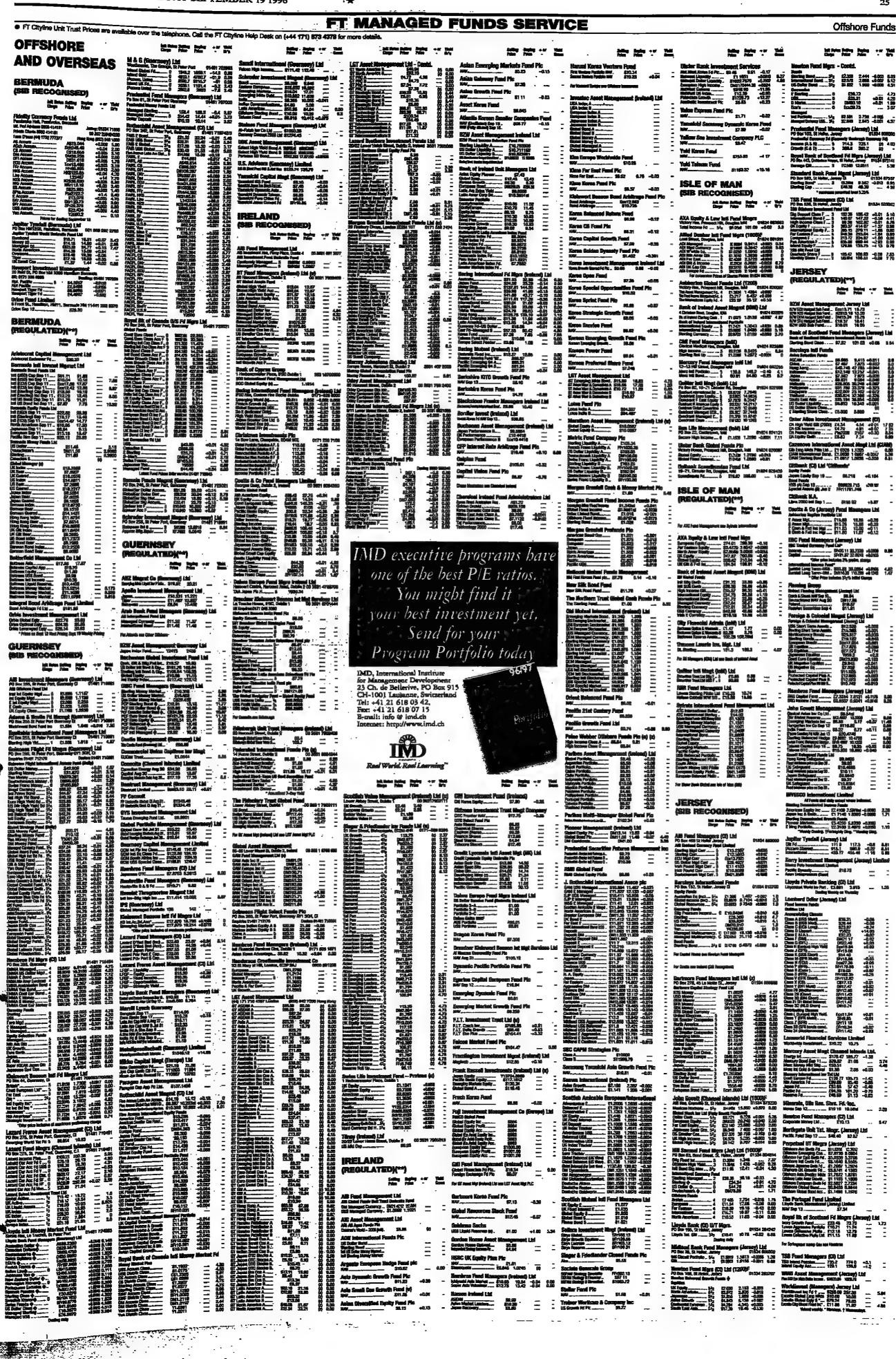
5 Intriguing party held by California graduate (5) Shelter Dracula's heart he's representing blood-Port only follows fish (5.4)
Quiet inhabitant gets top

post (9) Those seeking rare chess moves (9)
15 Self-indulgent life of fool upset by musical (5,4) 17 Refuse to reveal how old clothes are (?) 19 Gold without sex, aluminium without sex (7)

21 I can't possibly stop talking 22 Los Angeles has three quarters with narrow streets (5) Solution 9,176

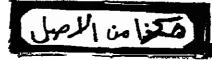
MARY MUNIT

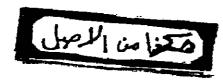


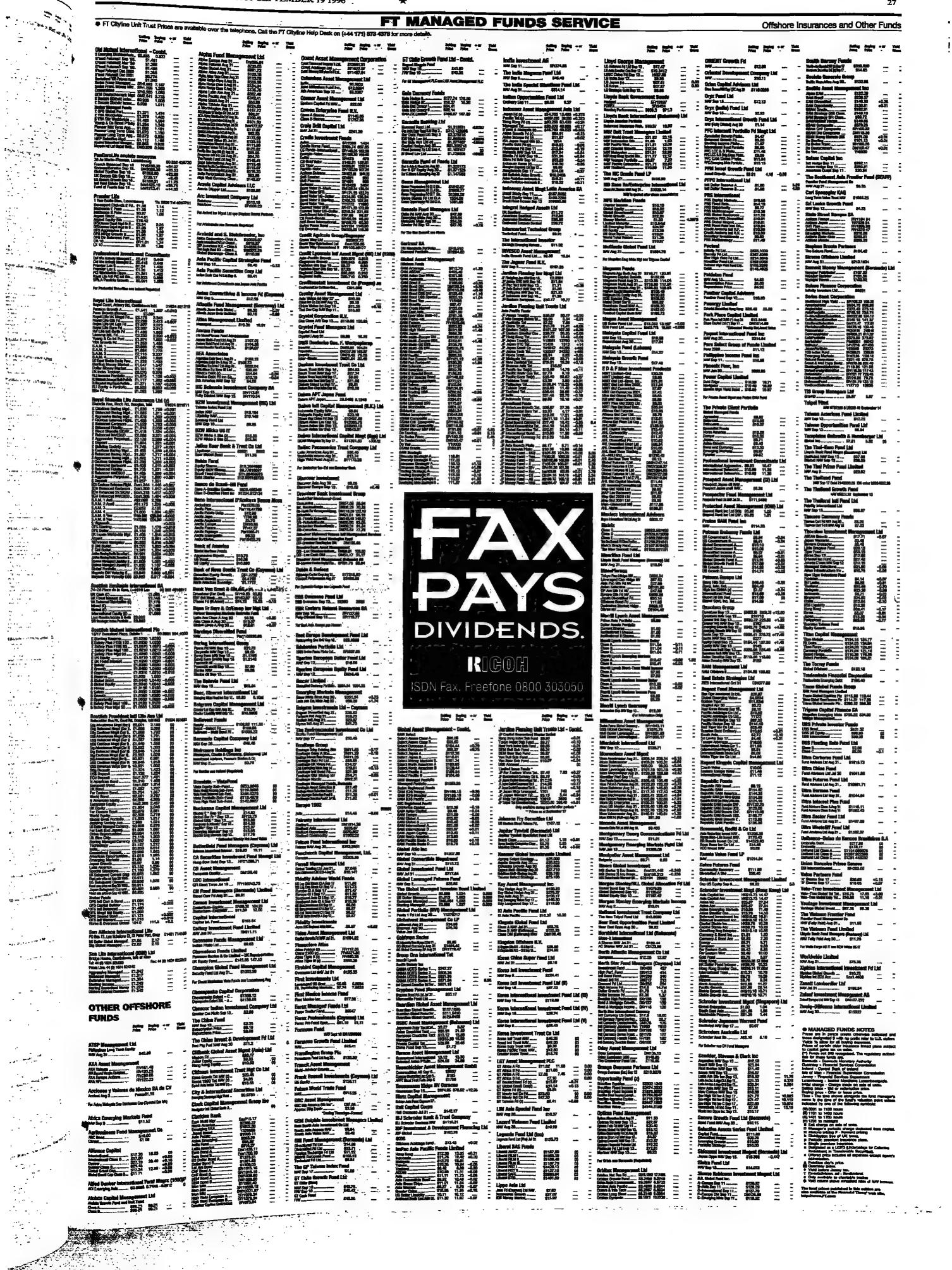


Education Control of the Control of

10RD

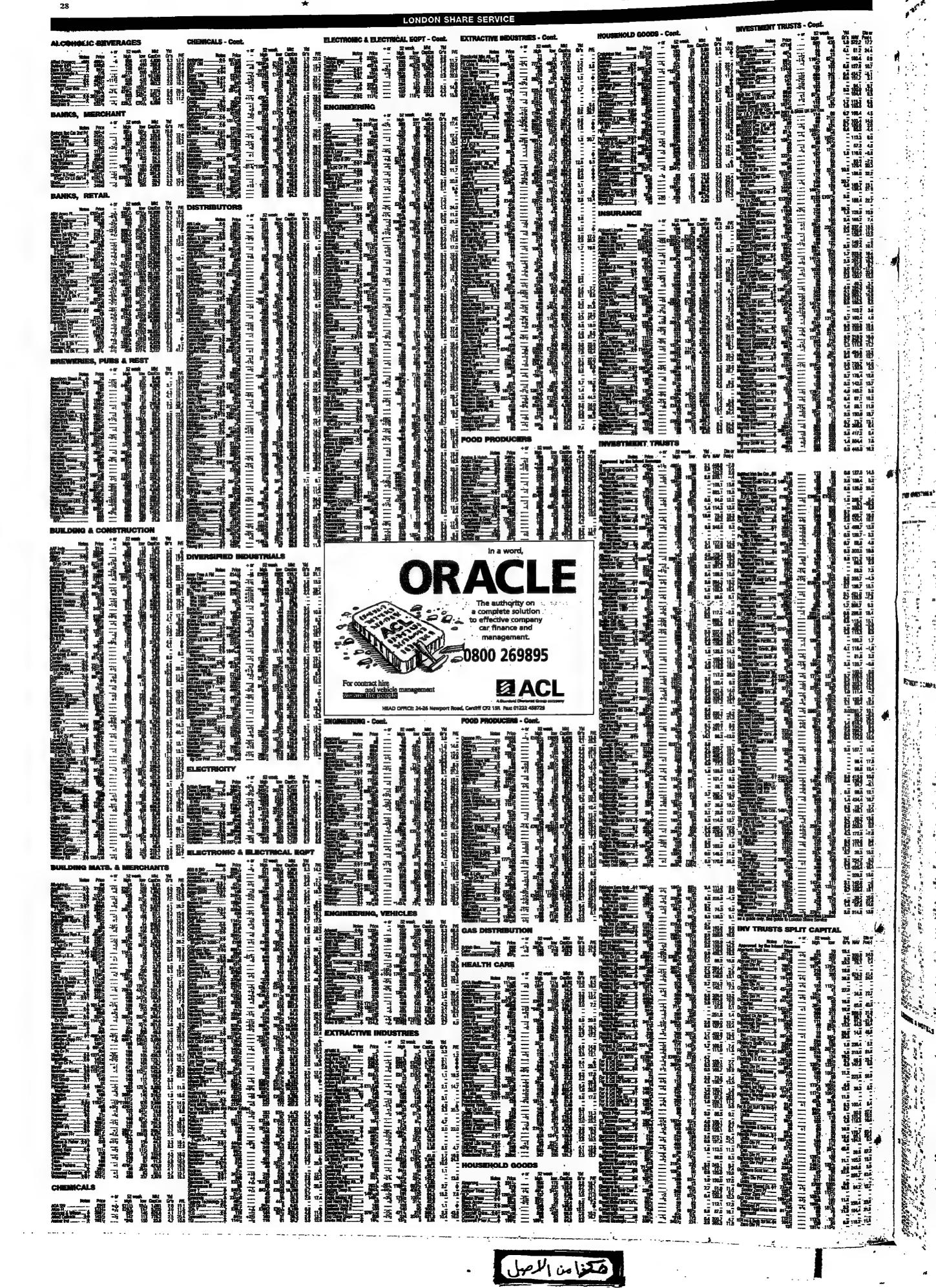






THE COURSE

A STATE OF THE PARTY OF THE PAR



THE PROPERTY COM

Harry State of the State of the

*

-

- .

THE REPORT OF THE PROPERTY OF FINANCIAL TIMES THURSDAY SEPTEMBER 19 1996 29 BIV TRUSTS SPLIT CAPITAL - Cont.

LONDON STOCK EXCHANGE

Interest rate concerns hamper UK stocks

MARKET REPORT By Steve Thompson, UK Stock Market Editor

Any lingering hopes that the FT-SE 100 would pick itself up and make a dash for the 4,000 level before the end of the week were disappointed yesterday as convincing evidence emerged of a growing consumer-led UK

recovery. The news that retail sales had risen by 1 per cent during August surprised the stock market. which was looking for an increase much closer to 0.4 per

That news was made worse by

end-July monetary meeting between Mr Eddie George, governor of the Bank of England, and Mr Kenneth Clarke, chancellor of the exchequer.

The minutes revealed that the governor favoured an increase in base rates to 6 per cent from the current 5.75 per cent. At the end of the day, the

FT-SE 100 settled 16.6 off at 3,955.7 and the FT-SE Mid 16.4 to

Coming in the wake of a poor performance by US Treasury bonds, which dropped by around a full point overnight, gilts were always struggling yesterday. The US news followed reports

the release of the minutes of the that two thirds of Fed districts tion that Friday will see the favoured a 50 basis point rise in US interest rates after next Tuesday's meeting.

With the London market there-fore bracing itself for potential bad news on rates in both the US and UK, sentiment in equities was always under pressure.

Matters were made even worse by a growing suspicion around the trading desks that Friday's big expiry of derivatives across elobal markets, but especially in London which sees the expiry of the FT-SE 100 and 250 futures and index options, might produce a big sell-off in the stock

market. There was widespread specula-

unwinding of a large number of over-the-counter, or individually tailored, options, written by the

big global securities houses. Never able to get into positive territory, Footsie stumbled at the outset of trading, opening almost 5 points easier. A half-hearted attempt to push on within thirty minutes of the opening quickly ran out of steam.

Thereafter the index remained in no-man's land until the opening of Wall Street which quickly saw the Dow Jones Industrial Average down by more than 20 points. Footsie accordingly took another romble

It was not all doom and gloom,

The strategy team at Kleinwort Benson hoisted its year-end Footsie forecast from 4,000 to 4,200. Mr Philip Isherwood at Kleinwort said that investors should keep their eyes shut until next week", a reference to the expected turmoil in markets during Friday's hig expiries, and instead focus on the excellent results sea-

"We had expected the FT-SE 100 to get to 4,200 to 4,250 ahead of the election but now we exper it to reach that level before Christmas," Mr Isherwood said. Turnover at 6pm reached 622.9m. Retail activity on Tuesday was valued at £1.84bn.

son and potential for more bid

activity.



Indices and ratios T-SE 100 . 3955.7 T-SE Mid 250 4439.6 T-SE-A 350 1974.6 T-SE-A All-Share 1950.79	-16.6 -16.4 -8.1 -7.43	FT Ordinary Index 2838.4 FT-SE-A Non Fins p/e 18.13 FT-SE 100 Fut Sep 3964.0 10 yr Gilt yield 7.81	-14.3 18.2 21.3 7.6 2.14
T-SE-A All-Share yield 3.77	3.75	Long gitt/equity yid ratio 2.16 Worst performing sector	.
Best performing sectors Bectricity Other Financial Transport	+0.4	1 Extractive inds	1 1 1 1
Water	+0.3	5 Insurance	-0.5

BAA up on CAA hopes

By Joel Kibazo and Lisa Wood

A late run in UK airports group BAA saw the shares rise 8': to 492%p in busy trade of 3.7m.

Dealers were initially puzzled by the strong move against the weak market trend but close observers of the stock later attributed the demand to hopes that the Civil Aviation Authority will next month confirm the pricing formula for BAA it pro-

posed in July.
One analyst said: "Next month should see the ending of the consultation period on the pricing formula and frankly the best option for BAA is for the CAA to confirm the formula it has already proposed. We know things could have been worse, so confirmation will clear the air and allow the company to move ahead."

Lloyds TSB dips

Turnover in banking group Lloyds TSB rose to 14m, making it one of the day's most actively traded stocks, after two large buyers moved to raise their holdings in the issue.

A single buyer was responsible for an early morning trade of 3.5m, which was executed at 400p, while

IG INDEX FINANCIAL

(0)

in the market following a well-received presentation at Merrill Lynch.

Much of the day's selling was done by a variety of holders and by the end of the session they had gained the upper hand, leaving the shares 21/2 lighter at 397p.

The rest of the sector followed the market lower despite talk of various switches being carried out across the individual stocks. Barclays eased a penny to 948%p, while HSBC surrendered 81/2 to 1185p. National Westminster eased 21/4 to 683%p. Recent selling in Abbey National appeared to have dried up, which helped the shares buck the market trend. The shares moved 3 ahead to 621p.

Bass retreat

Bass fell 11/4 to 792p after a trading update in which positive news about brewing and pubs was offset by talk of a downturn in admissions at its bingo halls. The latter affected Rank Organisation, which softened 11 to 451%p. Mr Paul Slattery of Klein-wort Benson said he consid-

ered the reaction to be slightly knee-jerk since the stock already reflected a weaker operating profit from the two companies' bingo divisions. Guinness fell 111/2 to

462%p, making the stock the second-worst performer in the FT-SE 100, following reports from LVMH in France that alcohol sales could be adversely affected by the French budget. In the rest of the sector,

group P&O, which reported figures earlier this week, hardened another 11/4 to

595p. Volume was 2.4m. Kleinwort Benson was said to be a fan and advised chients to buy the shares. However, the team at NatWest Securities remains more cautious and said: "Even though P&O's interim results were shead of expectations, there is still evidence of pressures being faced in certain key

business areas. The broker suggested areas, such as the container business, will come under pressure in the second half of the year, before the recently announced Nedlloyd merger starts operat-

Strong profit-taking in Tibbett and Britten followed the release of interim figures that were just in line with market expectations. The shares tumbled 31 to 632%p.

The retreat in Tibbett and Britten also hit Transport Development Group where the shares eased 4 to 187% p. Metals and mining group RTZ fell 14%p to 936p, with the slide attributed to the heavy overnight falls of mining stocks on the Australian affected by interest rate stock exchange. Sentiment was further weakened by news that analysts at SBC Warburg had lowered their

earnings forecasts for the group, to reflect lower copper and aluminium prices. There was profit-taking in Next, which fell 26% to 573½p despite better-thanexpected interim profits which satisfied analysts sufficiently for a number of upgrades to be made. Panmure Gordon, for example, increased its full-year forecast to £155m from £148m. However, Mark Josephson at

Panmure questioned wheth-

er the stock's premium to

FINANCIAL TIMES EQUITY INDICES Sep 18 Sep 17 Sep 16 Sep 18 Sep 12 Yr sgo

Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High 2847.8 2850.A 2845.2 2845.8 2848.A 2847.2 2845.1 2840.8 2838.5 2850.8 2838.1 Sep 18 Sep 17 Sep 18 Sep 13 Sep 12 Yr ago 41,734 1843.9 39,287 907.0 42,182 39,132 1811.3 1670.8 43,337 40,540 838.8 610 36,915 35,946 25,410 1902,6 1685,9

Sep 18 Sep 17 Sep 16 Sep 18 Sep 12 Yr ego 7-Tigh 1041,70 1043,10 1044,70 1042,90 1040,30 - 1140,40

Piece and talls' Total Piece Total Falls Sep 18 'Date based on Equity shares listed on the London Share Ser the market was too great. Several other retailing stocks tumbled after profit-taking including Kingfisher, which fell 14 to 654%p and Dixons, which softened 13% to 552%p. One analyst said these were among the stocks which would be most

Thorn added 9% to 373%p, with NatWest Securities featuring its income attrac-

Pearson added 111/2 to 663%p, attributed to an overhang of stock in the market. There was some chatter that Mr Kerry Packer, the Australian businessman, may be casting on eye over the stock but one analyst said it was idle talk

Among utility stocks, turnover in National Power rose to 10m as the shares hardened 3 to 396%p after the company said overseas earnings should help underpin the group's plan of maintaining real dividend growth, PowerGen was wanted and the shares advanced 8 to 506p in trade of 3.9m.

Bryant, the housebuilder. took second place in the FT-SE Mid 250 performance table, closing 6% firmer at 138p after a confident statement on second-half prospects accompanying the interim results.

Yorkshire Tyne Tees TV added 7% to 1157%p after Granada announced it had exercised warrants in the stock: Granada added 5 to 883%p.

pull in Asda, with a large buyer in the market responsible for the shares hardening to 104p in trading of 20m, FT-SE 100, at a time when an increasing number of analysts are turning more bear ish on the stock.

has been volatile since Tesco's new price initiative, with Asda seen by some analysts as the major potential victim. Tesco has for some time been taking market share from J Sainsbury.

BZW, in a note on food retailers, said it had turned seller on Asda and reiterated its positive long term stance on Tesco and Safeway. It believed the key factor in Asda's success had been price and Tesco, which is becoming more aggressive in that quarter, will better satisfy customers' requirements for quality and product

Meanwhile J Sainsbury continued to take a pounding, falling 2 to 367%p. Tesco hardened 1% to 298%p.

FUTURES AND OPTIONS FT-9E 100 PADEX FUTURES (LIFFE) \$26 per full index point Est vol Does int. Low Sett price Change High 3981.0 4007.0 3976.0 -15.5 3990.0 4000.0 IL FT-8E MED 250 INDEX FUTURES (LIFFE) \$10 per ful index point 4445.0 4480.0 -4.0 +1.0 4480.0 W FT-SE 100 INDEX OFTION (LIFFE) (19853) 210 per full index point 0 1 7 8 39 83 57 2 111 77

E ELFIO STYLE FT-RE 100 INDEX OPTION (LIFFE) £10 per full index point

TRADING VOLUME

1.500 1.500

12 (C) (大き) (12) (13

2

LONDON PIECENT ISSUES: EQUITIES 100 Amer Opps Ln 08/06 100 62/2 †Berbican Hithore 62/2 188/2 Dairy Creet Grp 184/2 4 †Dentoruster 4 182 24.4 0.60 0.76 0.30 12.17 217.9 2.17 62.2 6.80 13.3

		··:			1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -
FT GOLD	MINES	INDEX			
45	Sep % eig 17 en éer	Sep - Year 16 ago	Group div	ME.	Tight Low
Batil Minor Index (98)	1674.00 -6.4	1963.01 2026.72	1.00	1 E	2000.75 1722.69
a Depart with				4.0	
Africa (13)	2640.81 . +1.A	2811,74 2789,44	3.04	37,14	3553.86 2272.74
Australissis (6)	2125,79 -1.0.	2146.38 2454.00	2.61	20,78	2027.34 2123.50
HOSTI ASSECTION (TT)	1763,74 -1,1	1785,72 1748,14	6.76	· 65.25	2185.39 1488.94
Copyright, The Piners Firencial Times Limbs	id Thus Links d. Aguse is be	1998. TT Gold actions whom must	Mines ind	ec' is a t penies. E	entlement of The tests US Dollars.

the rood terming sec	tor _						٠.				
FT - SE Actuaries	Share	India	es					T	re Ü	K Sa	eries
. ,	Sep 16	Day's onge%	Sep 17	9ep 16	Sep 18	Year	Div. yleki%	Net cover	P/E retio	Xd edj ytd	. Total Return
T-81E 100	3955.7	-04	3072.3	3977.2	3967.0	3561.5	3.04	2.05	15.48	137.10	1639.76
-SE MM 280	4433.6		4450.0					1.61			1799.80
-SE Mid 250 ex Inv Truste	4487.1		4484.1		4490.4			1.54			1818.85
-SE-A 350	1974.6		1982.7	1985.8				1.95			1672.15
-SE-A 350 Higher Yield	1886.7		1893.5	1893.5	1888.1						1344.39
SE-A 360 Lower Yield	2089.7	-0.4	2079.1		2081.8			2.14			1444.05
-SE SmallCap	2186.99	-0.1	2188.08					1.59			1810.63
T-SE SmallCap az inv Trueta	2188.50		2183,69					1.67			1819.84
-SE-A ALL-SHARE	1950.79		1958.22								1677.04
FT-88 Actumbes A	L-Shor										10112
TATE PROPERTY AND		•									
		Device				V	Pile .	Made	0/8	-	Tested
· :.	Sep 18	Day's chge%	Sep 17	Sep 16	Sep 13	Year ago	Div. yield%	Net	. P/E		. Total Return
D MINERAL EXTRACTIONISE		chge%	_	<u> </u>		ago	yleid%	COVE	otten	ytd	Return
0 MINERAL EXTRACTION(24) 2 Extraction inclusivents	3750,48	chge% -0.5	3768.65	3780,06	3761.89	BQ D S 022.40	3.71	1.68	20.74	98.97	Return 1622.62
2 Extractive industries(6)	3750,48 4095,38	-0.5 -1.5	3768.65 4159.17	3780.08 4196.26	\$761.89 4178.85	8022.40 4145.10	3,71 3.97	1.65 2.66	20.74 11.83	93.97 109.19	Return 1622 62 1205.14
	3750,48 4095,38 8879,33	-0.5 -1.5 -0.8	3768.65 4159.17 3892,72	3790,06 4196,26 3900,98	3781.89 4178.85 3900.37	3022.40 4145.10 3020.55	3,71 3,97 3,85	1.68 2.66 1.45	20.74 11.83 22.40	93.97 109.19 100.98	Return 1822.62 1205.14 1729.24
2 Extractive Industries(6) 5 Oil, Integrated(3) 6 Oil Exploration & Prod(15)	3750,48 4095,38 8879,33 2734,60	-0.5 -1.5 -0.3 -0.1	3768.65 4159.17 3892,72 2738.38	3790,06 4196,26 3900,98 2745,11	\$761.89 4178.85 3900.37 2782.81	8022.40 4145.10 3020.55 2030.58	3,71 3,97 3,85 1,92	1.68 2.66 1.45 1.68	20.74 11.83 22.40 38.76	93.97 109.19 100.98 36.33	Return 1622.62 1205.14 1723.24 1647.83
2 Extractive Industries(6) 5 Oil, Integrated(3) 6 Oil Exploration & Prod(16) 80 GEN INDUSTRIALS(274)	3750,48 4095,38 8879,33 2734,80 2102,85	-0.5 -1.5 -0.3 -0.1	3768.65 4159.17 3892.72 2738.38 2110.37	3780.06 4196.26 3900.93 2745.11 2115.71	\$781.89 4178.85 3900.37 2782.81 2110.01	8022.40 4145.10 3020.55 2030.58	3,71 3,97 3,85 1,92 3,99	1.65 2.66 1.45 1.66	20.74 11.83 22.40 38.76 17.79	93.97 109.19 100.98 36.33 64.12	Return 1622.62 1205.14 1729.24 1647.83 1164.59
2 Extractive Industries(6) 5 Oil Integrated(3) 6 Oil Exploration & Prod(16) 10 GEN INDUSTRIALS(274) 11 Building & Construction(34)	3750.48 4095.38 8879.33 2734.60 2102.85 1197.38	-0.5 -1.5 -0.3 -0.1 -0.4	3768.65 4159.17 3892.72 2738.38 2110.87 1197.10	3780.06 4196.26 3800.93 2745.11 2115.71 1193.68	3781.89 4178.85 3900.37 2782.81 2110.01 1187.97	8022.40 4145.10 3020.55 2030.58 2016.08 924.88	yield% 3,71 3,97 3,65 1,92 3,99 3,47	1.65 2.66 1.45 1.66 1.76 1.80	20.74 11.83 22.40 38.76 17.79 22.53	93.97 109.19 100.98 36.33 64.12 28.35	Return 1622.62 1205.14 1723.24 1647.83 1164.59 1009.10
2 Extractive industries(6) 5 Oil Integrated(3) 9 Oil Exploration & Prod(16) 10 GEN INDUSTRIALS(274) 11 Building & Construction(34) 22 Building Mette & Merche(20)	3750,48 4095,38 8879,33 2734,60 2102,85 1197,38 1978,05	-0.5 -1.5 -0.8 -0.1 -0.4	3768.65 4159.17 3892,72 2738.38 2110.37 1197.10 1993.25	3790.06 4196.26 3900.93 2745.11 2115.71 1193.68 2024.05	3781.89 4178.85 3900.37 2782.81 2110.01 1187.97 2008.89	800 8022.40 4145.10 8020.55 2090.58 2016.08 924.88 1755.17	3.97 3.97 3.85 1.92 3.99 3.47 3.88	1.65 2.66 1.45 1.66 1.76 1.60 1.68	20.74 11.83 22.40 38.76 17.79 22.53 19.18	93.97 109.19 100.98 36.33 64.12 26.35 52.75	Return 1822.62 1205.14 1723.24 1647.83 1164.69 1009.10 1009.13
2 Extractive Industries(6) 5 Oil, Integrated(3) 6 Oil Exploration & Prod(16) 6 GEN INDUSTRIALIS(274) 1 Building & Construction(54) 2 Building Metts & Merchs(26) 3 Chemiculs(25)	3750.48 4095.38 8879.33 2734.60 2102.85 1197.33 1978.05 2511.55	-0.5 -1.5 -0.8 -0.1 -0.4	3768.65 4159.17 3892,72 2738.38 2110.37 1197.10 1993.25 2510.58	3780.06 4196.26 3900.93 2745.11 2115.71 1193.68 2024.05 2485.51	3781.89 4178.85 3900.37 2782.81 2110.01 1187.97 2008.89 2491.51	800 4145.10 3020.55 2090.58 2016.08 924.88 1755.17 2487.72	3,71 3,97 3,85 1,92 3,99 3,47 3,86 4,03	1.65 2.66 1.45 1.66 1.79 1.60 1.68 1.52	20.74 11.83 22.40 38.76 17.79 22.53 19.18 20.38	93.97 109.19 100.98 36.33 64.12 26.36 52.75 79.87	Return 1622.62 1205.14 1723.24 1647.83 1164.69 1009.10 1009.13 1207.64
2 Extractive industries(6) 5 Oil, Integrated(3) 6 Oil Exploration & Prod(16) 10 GEN INDUSTRIALS(274) 11 Building & Construction(34) 22 Building Metts & Merche(26) 13 Chemicals(25) 14 Oliversfled Industrials(16)	3750.48 4095.38 8679.33 2734.60 2102.85 1197.33 1978.05 2511.55 1609.27	-0.5 -1.5 -0.3 -0.1 -0.4 -0.8	3768.65 4159.17 3862.72 2738.38 2110.37 1197.10 1993.25 2510.58 1607.43	3790,06 4196,26 3900,93 2745,11 2115,71 1193,68 2024,05 2495,51 1603,77	3781.89 4178.85 3900.37 2782.81 2110.01 1187.97 2008.89 2491.51 1607.77	800 8022.40 4145.10 8020.65 2080.58 2016.08 924.88 1755.17 2487.72 1829.45	3,71 3,97 3,85 1,92 3,47 3,86 4,03 5,72	1.65 2.66 1.45 1.66 1.79 1.60 1.68 1.52 1.82	20.74 11.83 22.40 38.76 17.79 22.53 19.18 20.33 13.50	ytd 93.97 109.19 100.98 36.33 64.12 26.36 52.75 79.87 74.90	Return 1622.62 1205.14 1729.24 1647.83 1164.69 1009.10 1009.13 1207.64 919.37
2 Extractive Industries(6) 5 Oil, Integrated(3) 6 Oil Exploration & Prod(16) 6 GEN INDUSTRIALS(274) 7 Building & Construction(34) 7 Building Metts & Merche(28) 7 Chemicals(25) 4 Diversified Industrials(16) 5 Electronic & Sect Equip(36)	3750.48 4095.38 3879.33 2734.60 2102.85 1197.33 1978.05 2511.55 1609.27 2417.88	-0.5 -1.5 -0.3 -0.1 -0.4 -0.8 +0.1 -1.1	3768.65 4159.17 3862,72 2738.38 2110.37 1197.10 1993.25 2510.58 1607.43 2443.85	3790,06 4196,26 3900,93 2745,11 2115,71 1193,68 2024,05 2495,51 1603,77 2446,09	3781.89 4178.85 3900.37 2782.81 2110.01 1187.97 2008.89 2491.51 1607.77 2422.93	800 \$022.40 4145.10 \$020.55 2090.58 2016.08 924.88 1755.17 1829.45 2210.05	3.71 3.97 3.85 1.92 3.47 3.88 4.03 5.72 3.26	1.65 2.66 1.45 1.66 1.79 1.60 1.68 1.52 1.82	20.74 11.83 22.40 38.76 17.79 22.53 19.18 20.33 13.50 25.93	ytd 93.97 109.19 100.98 36.33 64.12 26.35 52.75 79.87 74.90 58.79	Return 1622.62 1205.14 1729.24 1647.83 1164.69 1009.10 1009.13 1207.64 919.37 1272.25
2 Extractive Industries(6) 5 Oil, Integrated(3) 6 Oil Exploration & Prod(16) 6 GEN INDUSTRIALIS(274) 71 Building & Comstruction(54) 2 Building & Metts & Merchs(26) 73 Chemicals(25) 74 Diversified Industrials(16) 75 Electronic & Elect Equip(36) 76 Engineering(71)	3750.48 4095.38 8679.33 2734.60 2102.85 11978.05 2511.55 1609.27 2417.88 2697.53	-0.5 -1.5 -0.3 -0.1 -0.4 -0.8 -0.8 -0.1 -0.8	3768.65 4159.17 3892.72 2738.38 2110.37 1197.10 1993.25 2510.58 1607.43 2443.85 2604.36	3780.06 4196.26 3900.93 2745.11 2115.71 1193.68 2024.05 2495.51 1603.77 2446.09 2609.04	\$761.69 4178.85 \$900.37 2782.81 2110.01 1187.97 2008.89 2491.51 1607.77 2422.93 2601.68	3022.40 4145.10 3020.55 2030.58 2016.08 924.88 1755.17 2487.72 1829.45 2210.05	980% 3,71 3,97 3,85 1,92 3,47 3,86 4,03 5,72 3,26 3,19	1.65 2.66 1.45 1.68 1.76 1.60 1.68 1.52 1.47 2.44	20.74 11.83 22.40 38.76 17.79 22.53 19.18 20.38 13.50 25.93 16.36	ytd 98.97 109.19 100.98 36.33 64.12 26.36 52.75 79.87 74.90 58.79 59.70	Return 1822-82 1205-14 1729-24 1647-83 1164-59 1009-10 1008-13 1207-64 919-37 1272-25 1583-42
2 Extractive industries(6) 5 Oil Engineticia & Prod(16) 5 Oil Engineticia & Prod(16) 50 GEN INDUSTRIALIS(274) 71 Building & Construction(34) 22 Building Metts & Mercha(26) 73 Chemicals(25) 74 Diversified Industrials(16) 75 Engineering(71) 77 Engineering, Vehicles(14)	3750.48 4095.38 8679.33 2734.60 2102.86 1197.33 1978.05 2511.55 1602.75 2417.89 2597.53 3143.73	-0.5 -1.5 -0.3 -0.1 -0.4 -0.8 -0.1 -0.8 -0.1 -0.3 -0.8	3768.65 4159.17 3892.72 2738.38 2110.37 1197.10 1993.25 2510.58 1607.43 2443.85 2604.36 3164.02	3780.06 4196.26 3900.93 2745.11 2115.71 1193.68 2024.05 2495.51 1603.77 2448.09 2609.04 3180.15	3781.89 4178.85 3900.37 2782.81 2110.01 1187.97 2008.89 2491.51 1607.77 2422.93 2601.68 3178.91	3022.40 4145.10 3020.55 2030.53 2016.08 924.88 1755.17 2487.72 1829.45 2210.05 2208.88 2597.64	yeld% 3,71 3,97 3,85 1,82 3,99 3,47 3,88 4,03 5,72 3,28 3,19 3,43	1.65 2.86 1.45 1.83 1.76 1.80 1.82 1.82 1.82 1.47 2.44 1.71	20.74 11.83 22.40 38.76 17.79 22.53 19.18 20.33 13.50 25.93 16.36 21.32	98.97 109.19 100.98 36.33 64.12 26.36 52.75 79.87 74.90 58.79 69.70 96.19	Return 1622.62 1205.14 1729.24 1647.83 1164.59 1009.10 1009.13 1207.64 919.37 1272.25 1593.42 1655.81
2 Extractive Industries(6) 5 Oil, Integrate(3) 6 Oil Exploration & Prod(18) D GEN BNDUSTRIALS(274) 1 Building & Comstruction(54) 2 Building Matts & Mercha(28) 3 Chemicals(25) 4 Diveration & Bect Equip(36) 5 Electronic & Bect Equip(36) 6 Engineering(71)	3750.48 4095.38 8679.33 2734.60 2102.85 11978.05 2511.55 1609.27 2417.88 2697.53	-0.5 -1.5 -0.3 -0.1 -0.4 -0.8 -0.1 -0.3 -0.8 -0.5	3768.65 4159.17 3892.72 2738.38 2110.37 1197.10 1993.25 2510.58 1607.43 2443.85 2604.36	3780.06 4196.26 3900.93 2745.11 2115.71 1193.68 2024.05 2495.51 1603.77 2446.09 2409.04 3180.15 2703.48	3761.89 4178.85 3900.37 2782.81 2110.01 1187.97 2008.89 2491.51 1607.77 2422.93 3178.91 2707.61	3022.40 4145.10 3020.55 2030.58 2030.58 2016.08 924.88 1755.17 2487.72 1829.45 2210.08 2597.64 2983.88	yeld% 3,71 3,97 3,85 1,92 3,47 3,88 4,03 5,72 3,28 3,13 3,43 3,89	1.65 2.66 1.45 1.68 1.76 1.60 1.68 1.52 1.47 2.44	70,74 11,83 22,40 38,76 17,79 22,53 19,16 20,33 13,50 25,33 21,32 17,72	98.97 109.19 100.98 36.33 64.12 26.36 52.75 79.87 79.89 58.79 58.79 98.19 88.17	Return 1822-82 1205-14 1729-24 1647-83 1164-59 1009-10 1008-13 1207-64 919-37 1272-25 1583-42

20 GEN INDUSTRIALS(274)	2102.85	-0.4 2110.37 2115.71 2110.01 2016.08	3.99 1.78	17.79 64.12 1164.5
81 Building & Construction(34)	1197.33	1197.10 1193,68 1187.97 924,88		
22 Building Metts & Merchs(20)	1978.05	-0.8 1993.25 2024.05 2008.89 1755.17		
i3 Chemicals(25)	2511,55	2510.58 2495.51 2491.51 2487.72	4.03 1.52	20.33 79.87 1207.8
24 Diversified industrials(16)	1609 <i>2</i> 7	+0.1 1607.43 1603,77 1607.77 1829.45		
25 Electronic & Elect Equip(36)	2417.88	-1.1 2443.85 2446.09 2422.93 2210.05	3.28 1.47	
8 Engineering(71)	2597.53	-0.3 2004.35 2009.04 2001.63 2208.88	3.19 2.44	
27 Engineering, Vehicles(14)	3143.79	-0.8 3164.02 3180.15 3178.91 2597.64		21.32 98.19 1655.8
28 Paper, Pokg & Printing(28)	2661.37	-0.5 2578.46 2703,48 2707.61 2963.88	3.89 1.81	17.72 83.17 1125.9
29 Textiles & Apparei(19)	1227.46	-0.2 1229.97 1244.24 1247.88 1825.72	5.79 1.29	16.79 47.35 760.8
O CONSUMER GOODS(81)	3712.99 .	-0.5 3736.13 3730,27 3710.35 3340.85	3,81 -1,94	
32 Alcoholic Beverages(8)	2635.90	-1.1 2866.76 2856.24 2842.71 2935.94	4.45 1.62	17.35 91.68 1036.9
3 Food Producers(24)	2506.21	-0.4 2606.37 2629.96 2613.93 2496.63	4.04 1.86	16.67 76.14 1186.8
34 Household Goods(18)	2692,10	2692.46 2695.88 2703.04 2833.58		· 14,70 62,90 1035,6
86 Hesith Care(20)	2057.94	+0.3 2051.40 2060.93 2056.41 1946.35		21.50 38.89 1259.5
7 Phermaceuticals(13)	5593,71	-0.7 5632.67 5653.07 5612.37 4314.18	3.02 2.06	
38 Tobacco(1)	3896.61	-0.5 3917.78 3718.72 3722.95 4459.92	6.73 2.06	9.04 262.07 1003.4
IO SETVICEB(252)	2584.13	-0.3 2592,41 2601,65 2604.85 2208.33		
(1 Distributors(31)	2925.91	-0.5 2941.38 2940,76 2920.72 2796.07		
42 Leisure & Hotels@4	3220.37	-0.4 3232.37 3228.95 3223.21 2519.17	2.72 2.05	23.92 63.15 1089.2
3 Media(45)		+0.1 4393.58 4392.65 4402.57 3391.37		
4 Retailers, Food(14)	1923.94	1923.55 1969.44 1982.10 2188.73	4.01 2.36	29.47 85.09 1607.2
	2153.51	-1.4 2183.19 2192.78 2201.21 1805.64	2.99 2.07	13.20 56.07 1239.1
17 Braweries, Pubs & Rest (25)	3091.92	-0.5 3106.14 3125,35 3118,58 2606.25	3.30 1.96	20.16 52.63 1245.5 19.13 67,77 1499.0
t8 Support Services(49)	2564,97	+0.5 2553.38 2539.77 2580.15 1860.48	1.91 2.30	28.42 36.80 1640.1
(9 Transport(22)	2499.17	+0.4 2490,30 2492,20 2493,17 2255,32	3.79 1.09	30.22 68.80 1056.2
SO UTILITIES(SS)	2330.36	-0.1 2332.65 2335.24 2341.99 2608.35		
32 Bectricity(11)	2376,77	+0.5 2364.29 2372.60 2370.28 2819.41	5.51 1.80 6.83 2.40	12.61 158.45 1037.6
84 Gas Distribution(2)	1352.85	-0.7 1381.71 1355,43 1368,63 1768,15		7.63 429.17 1287.0
66 Telecommunications(ii)	1993.51	-0.4 2001.41 2003.83 2012.51 2215.88		16.93 86.67 709.68
38 Water(11)	2216.22	+0.3 2208.79 2210.73 2220.51 2087.66	4.05 1.63	20.18 50.32 925.95
				8.70 94.85 1253.4
S9 NON-FINANCIALS(063)	2063.00	-0.4 2080.90 2084.78 2082.84 1875.38		18.13 68.44 1881.9
70 FINANCIALS(104)	3190.15	-0.4 3202.99 3203.70 3179.97 2641.27	4.15 2.38	12.67 112.87 1399.9
71 Banks, Retall(6)	4507.45	-0.A 4618.08 4814,84 4588.83 3833.38 .	3.94 2.71	11.71 174.00 1636.3
72 Banks, Merchant(6)	3751.90	3750.43 3750.44 3751.46 3656.08	2.74 2.80	16.25 77.11 1201.7
73 Insurance(22)	1468.36	-0.9 1481.19 1484,69 1474,13 1370.75		9.51 60.17 1122.4
74 Life Assurance(7)	3556.22	-0.1 3561.47 3572.15 3570.43 3009.47	4.32 1.92	15.10 103.40 1491.9
77 Other Financial(20)	2663.54	+0.4 2651.86 2662.65 2657.58 2286.08	4.01 1.78	17.70 84.68 1542.5
79 Property(41)	1659,65	-0.4 1666.60 1664.26 1658.03 1445.79	3.86 1.26	25.70 44.81 1038.4
O INVESTMENT TRUSTS(127)	3207.18	-0.2 3213.24 3204.79 3193.62 2982.46		
		02 02 1020 0204.78 3183.62 2002.46	222 1.11	50.49 55.17 1129.4
9 FT-SE-A ALL-SHARE(994)	1950.79	-0.4 1958.22 1961,01 1956.76 1753.49	3.77 1.93	17.21 64.68 1677.0
r-SE-A Redgling	1249.82	-0.1 1251,06 1249,08 1247,00 1078 74	277 999	10 35 05 44 4040
F-SE-A Fledging ex inv Trusts	1264,38	-0.1 1265.57 1264.20 1262.26 1073.66	2.97 2.48	16.08 27 72 1295 9
				write 1995/2
Hourty movements				-

HOUTTY	MOAGUM	9
	Open	9.0

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day Low/d	-
FT-SE 100 FT-SE Mid 250. FT-SE-A 350	9965.4 4445.9 1979.7			1978.6		1977.9	4438.5 1976.6	4438.5 1974.6	3953.2 4433.7 1973.6	3971.2 3952.0 4467.8 4433.3 1982.0 1973.2	2
Time of FT-SE 100 I	Jey's highs 9	Hột AM Da	y's low: 3:	28 PM, FT	-SE 100 15	195 High: 9	977.2 (16A	96496) Low;	3977.2 (1d	6/07/96L	
# FT-SE A	otuario	s 350	Indu	stry be	nekete		•	:	,		
-	Open 1	9.00 10	D.00 11	.00 12	00 · 13.	10 12.0	0 15.00	18.10	Class		

.1174.4 1172.2 1174.7 1175.1 1174.8 1174.3 1173.7 1173.0 1173.0 1173.1 5549.3 5558.2 5551.4 5549.8 5531.4 5529.0 8528.9 5517.6 5518.8 5528.8 2198.2 2203.4 2203.8 2203.8 2200.9 2200.9 2202.7 2199.7 2200.8 2203.0 4668.2 4669.9 4664.5 4665.5 4866.7 4666.9 4665.4 4863.0 4658.4 4658.1

Banks, Retail 40002 ***

Additional information on the FT-SE Actuaries Share indices is published in Saturday issues.

"The FT-SE Actuaries Share indices are calculated by FTSE international Limited in conjunction with the Faculty of Actuaries and the institute of Actuaries. G FTSE international Limited 1996, All Rights reserved. The FT-SE Actuaries Share indices are calculated in accordance with a standard sat of ground rules established by FTSE international Limited in conjunction with the Fiscalty of Actuaries and the Institute of Actuaries. **FT-SE** and "Footies" are trademarks of the London Stock Exohange and the Financial Times Limited and are used by FTSE international Limited under licence. Auditor: The WM Company. ** †



0171 896 0011

Signal

Street, London, ECZA 4DL

Petroleum Argus

OFFSHORE COMPANIES

7st: 0]71 702 1991

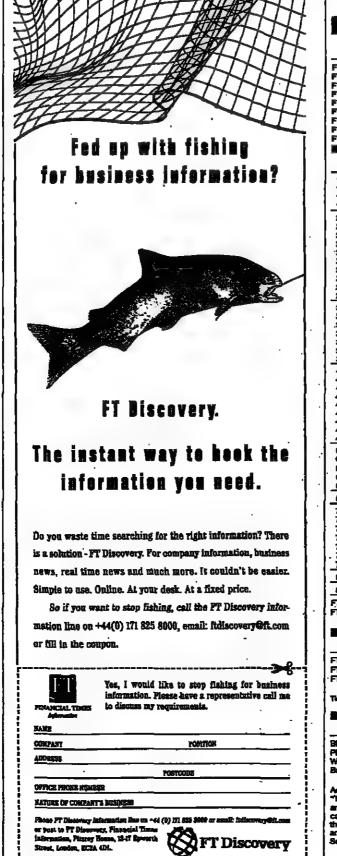
Perc 0171 489 6115

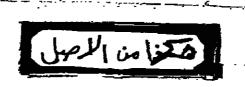
Real-time quotes - Forex data

 Over 100,000 issues - News headlines U.S. & mt I guta ... As low as 59 day

For info call 44+171 626 6101 ext. 4a

Petroleum Argus Oil Market Guides.





<u>mangan kalundan kalungan kalungan kalungan kalunggan kalunggan kalunggan kalunggan kalunggan kalunggan kalung</u>

WORLD STOCK MARKET STOCK AND ADDRESS OF THE PROPERTY OF THE PR	. ,			Transport
WORLD STOCK MARKETS WORLD STO				The state of
He contributed to the contribute	31		- UKSDAI SEPI	Marrie Brakes
The bills of the control of the cont	<u> </u>	Now YM 995 +/- High Lone YM PH +/	-/- High Low Yis PAE	The state of the s
In the world of automotive component systems, Rockwell is world class. **Rockwell**	7774.13.6 19.5.10.5.6 19.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5.6 19.7.5.10.5 19.7.5 19.	52 1 - 100 301 2 - 1100 301 2 -	AUSTRIA (Sep 18 / Sch) Aught 1 474 49 1,980 1,350 3.4 Discuss 7 22 2 285 1 2 1 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	
In the world of automotive component systems, Rockwell is world class.	14 10 673 mm 1 10 10 10 10 10 10 10 10 10 10 10 10 1	14 7	255 288 426 426 426 426 426 426 426 426 426 426	fractional sector
In the world of automotive component systems, Rockwell is world class.	の の の の の の の の の の の の の	20 - 20 102 102 102 102 102 102 102 102 102	Company 1 (2014) 2245 125 225 125 2 (2015) 2 (20	
Systems, Rockwell is World class. **Prockwell**		# 3.2	Social 16,500 - 17,60 \$130 1.3 - 1821 1215 -121,270 766 2.3 - 183	
Second 17 18 18 18 18 18 18 18	Andreas de la companya de la company		Tation 1.585 2.150 1.411 22 Timbe 480.60 +4.20 182 2.150 1.411 22 Timbe 480.60 +4.20 182.00 18 2.15 Timbe 480.60 +4.20 182.00 18 2.2 Timbe 394.00 -1.20 483.10 293.31 2 Timbe 394.00 -1.20 483.10 2 Timbe 394.00 2 Timbe 3	Major Mocks fee
Second 17 18 18 18 18 18 18 18		Size for Sub-1 1 200 40 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Second 124 115 116 117 12 12 12 12 12 12 1	
PORT OF THE STATE		## 1250 - 10	Fill AND (Sep 18 / Max) Amer A 19.50 -5.50 120 66 5.5 -	
Company Comp	125	1.5 ABOOK 84.40xi —98 83.30 63.70 1.4 ESS 1.50 2.4 1.5 1.5 1.4 488 1.50 2.1 1.4 ABOOK 95.10xi —1.5 1.5 1.4 ABOOK 95.10xi —1.5 1.5 1.4 ABOK 95.10xi —1.5 1.5 ABOK 95.10xi —1.5 ABOK 95.10xi —1.5 1.5 ABOK 95.10xi —1.5 ABOK 95.10xi	Compared	
US INDICES AUSTRALIA Sep 18 / Word Sep 18 /	PRE 101	WS NDICES WE 277 + 10 1.62 2.66 1.8 6.4 0680m 140m -1 192 6.22 1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.6 1.6	INDICES	
## 19 18 18 19 18 19 18 18 19 18 18 19 18 18 19 18 18 19 18 18 19 18 18 18 18 18 18 18 18 18 18 18 18 18		Japan 1597.6 1804.05 19 1772.12 255 1804.20 10.00 10.51 10.01 101.51 102.01 160.05 100.09 109.77 54.99 Aug. 1 10.00 101.51 102.01 160.05 101.51 102.0	Argentica: Gmont(29/1277) Australia Al Archaele Al Arc	
Chile Ch	\$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$0 \$	Figure 17.16 71.94 71.56 71.94 51.87 71.94 7.13 Email 30.4 0.0 3.0 2.0 77.1 15.2 TRALAMD (Sep 18 / Bolff) Figure 18.50 1985.82 1983.83 2984.76 10/9 1982.81 37 Figure 19.50 1985.82 1983.83 2984.76 10/9 1982.81 37 Figure 19.50	Composition 1973 161 5287.49 2582.09 2752.22 2882.09 1779 2822.39 1271 Media 161 5287.48 162 528.09 2573.22 2882.09 1779 2822.39 1271 Media 161 5287.48 161 528.09 167.22 161 528.09 167.22 161 528.09 167.22 161 528.09 167.22 167 52 16	
## Amer. 19,845 20,077 23,273 Page 3.40 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 248 56 - 10 23 25 248 56 - 10 23 248 56 248		Same Bx lad(3/1/259) Single Bx lad(3/1/259)	Columbia	
OpenSeti Price Control Control	pp sy -3 -5 -1 -1 -22	7,977 Sep 1800.00 1590.00 -12.00 1800.00 1587.00 4,148 20.716 Heddel 225 H TOKYO - NOST ACTIVE STOCKS: Wednesday, September 18, 1998	225(65/49) 2158,75 21310.69 22606.00 366 22548 11/3 108 8 108 8 11/3 108 8 108 8 11/3 108 8 108 8 11/3 108 8 108 8 11/3 108 8 108 8 11/3 108 8 108 8 11/3 108 8 108 8 11/3 108 8 108 8 11/3 108 8 108 8 11/3 108 8 108 8 11/3 108 8 11	

93, 6 H M Crp
323, 164, Oak lofts
554, 164, Oaksood Har
274, 2014, Oaksood Har
274, 2014, Oaksood Har
274, 2014, Oaksood Har
274, 1074, Oaksood
407, 1074, Oaksood
407, 1074, Oaksood
407, 1074, Oaksood
407, 1074, Oaksood
4074, 2010, Oaksood
4074, 2010, Oaksood
4074, 2014, 20

94g Advo lec 414g Aegen x 342 Aegen 575g Aegen 284 Affac 174g AEL Res 214g Aegen 204g Affac 205g Affac 134g Affac 134g Affac 157g Affac 174g Af

NEW YORK STOCK EXCHANGE

120 112 12 442 0.12 6.9 3 11

| The color | The Main Low Shock
2576 1744 AAR
4614 3516 AAR
5672 375 ASA
484, 3849 AARBS PT
2674 1319 AARBS PT
2675 AARS PT
2675 小块块 经 好 好 一

1986

Ngh Law Stack

11 lg Sig Crisik v

4 19-2 Crisik v

18-3 19-3 Cromplentit

57 47-5 Crisik v

18-3, 27-5 Crisik

18-3, 49-4 Crisik

12-10-4 Crisik

12-10-4 Crisik

12-10-5 Crisik

12-10-5 Crisik

12-10-5 Crisik

12-10-5 Crisik

12-10-5 Crisik

13-10-5 Crisik

13-10 120 11.2 442 111
x 0.12 6.9 3 11 14
x 0.12 6.9 3 11 14
x 0.12 6.9 3 15
1.00 22 49 4522 464
42 9.179 357
0.30 1.42 6.3 3.57
1.00 2.6 8 155 352
2.57 21.3 12 8 174
1.00 9.2 9 30 117
1.00 9.2 9 30 117
0.30 1.7194 1825 214
1.9 347 357
1.9 347 357

- E -

母のない 日本のでは、日本のできるのでは、日本のでは、日本のできるのできる。日本のできるのできる。日本のでは、日本のできる。日本のできる。日本のでは、日本のできる。日本のできる。日本のできる。日本のでは、

. F -

- Q.
3.87 6.9 17 55-2 53-2 55-3

1.72 3.8 11 226 45-5 45-5 45-2

1.72 3.8 11 226 45-5 45-5 45-2

1.82 4.8 141223 35-5 35-5 35-7

1.82 4.8 141223 35-5 35-7

1.82 4.8 141223 35-7

1.83 1.8 14 14123 35-7

1.80 3.0 12 164 34 35-7

1.00 3.0 12 164 34 35-7

1.00 3.0 12 164 34 35-7

1.00 3.0 12 164 34 35-7

1.00 3.0 12 164 34 35-7

1.00 3.0 12 164 34 35-7

1.00 3.0 12 167

3.0 47 14 30-7

3.0 47 14 30-7

3.0 47 14 14 14-7

1.0 14 27 47 14 14-7

1.0 12 12 14770 35-7

1.0 12 12 14770 35-7

1.0 12 12 14770 35-7

1.0 12 12 14770 35-7

1.0 12 12 14770 35-7

1.0 12 12 14770 35-7

1.0 12 12 14770 35-7

1.0 12 12 14770 35-7

1.0 12 12 14770 35-7

1.0 12 12 14770 35-7

1.0 12 12 14770 35-7

1.0 14 13 160 144-144-144

1.0 12 12 12 12 1474 35-7

1.0 14 13 160 144-144-144

1.0 12 12 12 12 12 14-14

1.0 14 13 160 144-144-144

1.0 14 13 160 144-144-144

1.0 14 13 160 144-144-144

1.0 14 13 160 144-144-144

1.0 14 14 14 14-144

1.0 14 14 14 14-144

1.0 14 14 14-144

1.0 14 14-144

1.0 14 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

1.0 14-144

4

上午日 人名英国马克马克斯克马 上上 计多分类的人类的名词复数形式的 上午日本

五年 人名马克马 人名英马马克格人西西西西

21 10-2 147 Tot ADR 2.88
10-1 12-2 152-152-152
20-2 14-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 15-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-4 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-151
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152-152
11-5 152

3.50 7.2 3 4774 3.50 7.4 10 4772 0.32 3.2 15 275 10 0.32 3.2 15 275 275 0.11 1.4 137 275 0.19 2.5 420 774 1.44 2.8 12 190 5274 7.88 7.8 2 101 1.96 2.2 14 513 7472 0.76 1.5 24 5949 50 0.40 5.2 47 110 774 0 0.66 4.4 15 351 20 1

-K-

医多种性性 计计划计算机 计 计分子计算计算法分子计算计算的

小作品 大路田的新田

150 | 1.50 | 2.2 | 12 | 47 | 5674 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574 | 5574

是一种的情况 医性子类 经外接通过人的经历经历经历 大山 经大场大学的过程 地名 与于同时

大小野大大小小

40%, 44% J Blear PF 50 45% J Blear Lx 13% 15% Jacobs the 13% 15% Jacobs to 10 7% Jan On 10% 17% Jan On 10% 15% January 103 98 June 138 15% 15% January 15% 15% January 15% 15% January 15% 15% January 15% 15% January

374, 264, RJM R Dich RTS, 27 W Rengy x 92 607, Rengy x 92 607, Rengy x 93 627, Rengy R 94, 15 Rengh By 95, Rengh By 95, Rengh By 165, 15 Rengh By 165, 16 Rengh By 165, 17 Rengh By 165, 17 Rengh By 165, 17 Rengh By 165, 186, Rengh By 167, 153, Rengh By 167, Rengh By

| SP4 | 70 | MSWA | Inc. x | 1.52 | 1.61 | 1.77 | 0.276 | 511-2 | 5274 | 2275 | 2175 | MSWA | 1.52 | 1.61 | 1.7 | 2576 | 64, 64, 65, 67, 77 | 576 | MSCO | MSCO | 1.11 | 52, 13 | 62, 12 | 2174 | 2174 | 64, 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 674 | 2 200 8.7 6 20 297, 2
0.38 7.8 8 2109 247, 244, 3
0.39 0.8 2109 247, 244, 4
0.40 0.8 34 2050 514, 51
1.20 2.1 18 1830 457, 427, 4
1.20 2.0 11 3438 458, 457, 4
1.20 2.0 11 3438 458, 457, 4
1.20 2.0 11 3438 458, 457, 4
1.20 2.0 11 3438 458, 4
1.20 2.0 11 3438 458, 4
1.20 2.0 11 3438 458, 4
1.20 2.0 11 3438 458, 4
1.20 2.0 11 3438 458, 4
1.21 2.0 12 348, 3
1.21 2.0 12 348, 3
1.21 2.0 12 348, 3
1.21 2.1 12 344, 324, 324, 3
1.21 2.1 12 344, 324, 324, 3
1.21 2.1 12 344, 324, 324, 3
1.21 2.2 12 348, 3
1.21 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2.2 12 348, 3
1.20 2. Selly Maria Member 1981

Selly M

8½ 29; Proter by
32½ 20% Proter by
32½ 20% Proter by
32½ 20% Proter by
32½ 20% Proter bo
32½ 30% Dostor b

201-2 225-2 PHH
531-2 425-2 PHB 10
155-2 14 Pac Am lac
247-2 181-2 Pedica
313-2 247-2 Pedica
313-2 247-2 Pedica
313-2 247-2 Pedica
313-2 247-2 Pedica
313-2 257-3 Pedica
351-2 257-4 Pedica
351-2 257-4 Pedica
351-2 257-4 Pedica
351-2 257-4 Pedica
351-2 257-2 Pedica
351-2 Pedica
351-2 257-2 Pedica
3

4 4 4444 - R -254, 225, TLI Curp
1114, 82, FOLT relevant
255, 113 Falcong
117, 42, Resocioler
6002, 122 Repicher
117, 42, Resocioler
6002, 122 Repicher
117, 42, Resocioler
6002, 123 Repicher
117, 42, Resocioler
6002, 123, Resocioler
6002, 124, Resocioler
6002, Resocioler
6002, Resocioler
6002, Resocioler
6002, Resocioler

0.16 0.26 1.40 1.25 0.74 1.86 6

+1³8 +¹3 -1³8 -¹5 -¹5

254 Careful is 255 Ca 计分类记录分类 有有的 有工作 有有 一种的有种的有种的有种的有种的有种的种种的 计 Race to Market. If the business decisions are yours, the computer system should be ours.

1 pm class September 18 THURSDAY SEPTEMBER 19 1996 ★		40	· ·		33
1 pm chase September 18 NYSE PRICES			NASDAQ N	ATIONAL MAP	RKET 4 pm close Suptember 18
1985 1986	THE PY THE Chair Chiese	Stant: Die 2 100 Mgh Luur Lau ACC Corp 0.12834 734 5174 4974 507 Accielle 7 2719 874 774 78			last these Stack Day I 1986 May law task Chap
472 384 Septem 0.10 0.4 13 17 122 23 23 12 23 12 23 12 23 12 23 12 23 12 23 12 23 12 23 12 23 12 23 12 23 12 23 12 23 12 23 12 23 12 12 23 12 12 12 12 12 12 12 12 12 12 12 12 12	Marker 0.20 3.0 17 24 65 65 65 42	Actions Cp 55 \$210 o 40%; \$812 40% Administr. 3412/39 57 54%; 55% ADC Tales 47 5917 58%; 58%; 38%	2 +1 1 DH Tech 17 7 24/2 25/4 Digital 12 1388 15/4 15/2 1 -2 Dig Micro 57 3188 120/2 19/4	20 ¹ 2 Labone 0.72145 180 18 ¹ g 17 ¹ 4 15 ⁵ g - 5 Labone 0.72145 180 18 ¹ g 17 ¹ 4 120	17 ³ 2 - 5g Rhinbow 12 73 19 165g 185g 11 - 5g Radge 1 820 2월 2월 2일 2년 ₂ - 5g Ramond x 0.10 11 80 20 ¹ g 194g 20 나는
	### 0.52 0.7 10 2675 474 457, 474 474	AdectoADR 0.16 30 4 33 2 33 2 33 2 33 2 33 2 33 2 33 2	-1-1 Dig Syst 38 881 173 17 3 Dismar Cp 21 98 38-1, 374	173g +3g Lancacter x 0.63 14 332 3844 3772	38 4 ROSS Fin 0.48 10 183 274 287 287 181 181 181 181 181 181 181 181 181 1
537 584 5869	###### 1.06 8.2 0 28 13% 13% 13% 13% 13% 14% 14% 14% 14% 14% 14% 14% 14% 14% 14	ADVICULAD 103 1192 34% 33% 34 Advanta B 0.43 12 4280 437 43 435	1 1 DNA Plant 225 1 366 1 4 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	5 Lampsics 8 16 8 5% 324 3 Lampsics 8 16 8 5% 152 4 15 401 8 5% Lampsic 15 401 8 5%	195 ₂ .5 ₈ Republied 11511410 281 ₂ 271 ₈ 271 ₄ -11 ₈ 512 -12 Separation 17 2884 171 ₄ 165 ₂ 171 ₄ +1 ₈
234, 134 Seminant 0.22 1.2 13 1800 184 174 174 174 50 22 12 Transcopy 254 40 27 27 27 28 28 28 28 28 28 28 28 28 28 28 28 28	Marker 0.65 1.9 22 5079 357 343 343 343 343 343 343 343 343 343 34	AKDADR 125 11 87 575 573 573	2 +14 Dressam 14 2000 111, 101, 101, 111, 101, 111, 101, 111,	27% 1g Lackbers 36 297 54 45	713g Restart 0.99 2/ 1772 711g 701g 701g -1g 43g -5g Restartor 0.20102 883 161g 161g 161g -1g
54 42 Smillerth 11 1183 54 54 54 54 184 1858 2 24 5 57 58 37 47 57 58 58 58 58 58 58 58 58 58 58 58 58 58	made 244 59 17 47 415 415 415	Abeld 0.88 23 582 252 252 252 254 ABCom 1.80 18 1457 16 ² s 15 ² s 15 ² s 15 ² s 16 ²	DS Remor 0.24 13 199 37% 57 State of the control 0.52 19 2152 28% 25% 25% 25% 25% 25% 25% 25% 25% 25% 25	374 +4 Likeline 25 140 e154 1578 2612 +12 Likeline 252 28 112 1714 1718	Rosewark 0.52 13 1934 1714 17 1714 Rose Sir 0.28 15 1995 3776 3612 3672 378 1995 378 1895
10°2 10°4 30 mm y 84 0.22 2.5 15 163 13°4 12°4 12°4 12°5 12°6 18°5 18°4 18°5 18°6 11° 12°3 3.5 18°2 18°3 10°5 12°5 13°5 12°5 18°5 18°5 18°5 18°5 18°5 18°5 18°5 18	- 167 - 165 lbd 141 1340 27 ¹ 1 28 ¹ 1 28 ¹ 1 28 ¹ 1 4 PL Stoleth 1,47 6.6 11 58 30 28 ¹ 1 28 ¹ 1 4	Allen Pr. 18 1912 - 174, 165, 767, Alexander 1.52 17 60 193, 167, 194, Alexander 1.16 14 85 416 153, 157, Alexander 0.32 7 1100 24, 34, 34, 34, 34, 34, 34, 34, 34, 34, 3	-3 ₂	LinterTec 0.20 21 9150 391 ₄ 371 ₄ LinterTec 0.20 21 9150 391 ₄ 371 ₄ LinterTec 0.44 14 95 315 ₈ 31 LinterTec 0.20 42 9945 401 ₈ 387 ₈ 3	515g +5g Rysen Firsty 12 1305 85g 8 85g -1g 1954 -14
25-12-13-5 Southout 9.10 0.4 53 5154 254 224 224 234 +3 50 253 Thirds 0.40 1.5 27 4917 375 354 353 +14 25 254 257 +13 402 244 Thirds 0.20 1.5 27 4917 375 354 353 +14 25 255 355 355 355 355 355 355 355 355	10.1723 22 ³ 4, 27 ³ 4 22 ³ 4, 41 1804 1.80 3.3 13 3079 48 ³ 4 48 ³ 4 48 ³ 4 4 ³ 54 - ³ 2 1804 1834 0.26 1.4 33 85 18 ³ 4 18 ³ 2 18 ³ 2	I THE THE PART OF STR OF	-24 Essithemt 21 1125 63 64	61g 176 142g 132g 19 1176 142g 132g 17 18 18 18 18 18 18 18 18 18 18 18 18 18	45 +12 - S - 413 +12 Saince 108 9 1371 3452 3412 3452 +12
30% 20 Siliconsis* 35 7572 25% 25% 25% 25% 25% 25% 25% 25% 25% 25	Mgm 0.44 1.2 21 2557 351, 351, 36 MacCS 0.55 1.0 18 2337 20 251, 257, 257 0.0 21 1853 271, 255, 255, 25, 25, 25, 25, 25, 25, 25,	Ata Marang 34 1030 28 27 2 27 2 27 4 Am Softwa 0.32 10 805 51 2 51 2 51 2 51 2 61 2 61 2 61 2 61	Heatigal 0.40 7 1131 19 17 ¹ / ₂ Hactric 1.57 11 35 587, 581/ ₂ Hactric 4818587 387, 387, 387, 387, 387, 387, 387, 38	587 -1 587 -1 385 -1	Sandarson 0.20183 121 11½ 11½ 11½ 11½ 11½ 15½ 4½ Scrimopol 0.36 18 415 21 20½ 20½ -½ SCI Syston 19 8281 x52½ 90½ 52½ 4½
11% 6% 31 lads 10.0 22 16 119 27% 27% 12% 27% 12% 17% 15% 165 100 35% 18 19 10 10 10 10 10 10 10 10 10 10 10 10 10	### 100 5.3 14 226 18% 18% 18% 18% 18% 18% 18% 18% 18% 18%	Aminish S 820 M & & & Aminish x 252 8 74 71% 70%, 70%, Aminish x 252 8 74 71% 70%, 70%, 70%, 70% Aminish x 14% 14%, 14%, 14%, 14%, 14%, 14%, 14%,	-14 SecureCrop 1 1006 27 2 2 -14 SecureCrop 1 1006 27 2 2 2 -15 Seguillotte 4.50 36 11813614 SB	14 ⁵ 2 + 5 185 Carts 21 544 19 ⁵ 4 19 ⁵ 2 1 Macsan 0.50 8 273 13 ⁷ 5 13 ⁵ 6 1	92 14 Score Brd 1 689 24 25 24 12 24 12 25 24 12 25 24 12 25 24 12 25 25 25 25 25 25 25 25 25 25 25 25 25
20° 19° 19° 19° 19° 19° 19° 19° 19° 19° 19	Telephore 22, 201 94, 03, 9 School D. 48 2.4 7 2957 2054 10 ¹ 2, 30 4 ¹ 2 School D. 50 2.7 1 131 3 ¹ 3 3 ² 2 3 ¹ 2 174521 27 174 10 50 (Data) 0.30 1.2 39 202 175 174 175 175 175 175 175 175 175 175 175 175	Am Tree 17 1019 22 ¹ 2 31 ¹ 4, 32 Ampun Inc 2718407 60 ¹ 2 59 ¹ 2 59 ¹ 4 Amstech Cp 0.08 38 647 6 ¹ 2 5 ¹ 4, 6 ¹ 4 Anningic 0.20 31 511 28 ¹ 4, 28 28 ¹ 4	474 Equaty 08 0.10 67 470 37 374	3% 4% Magna Gry 0.98 13 2213 a27 28 4% 4% 4% 4% 4% 4% 4% 4% 4% 4% 4% 4% 4%	27 + 3 Selection 0.36 8 127 2 ¹ / ₂ 2 ¹ / ₄ 2 ¹ / ₄ + 2 ¹ / ₄ Selection 1.12 9 245 30 ¹ / ₂ 22 ¹ / ₄ 22 ¹ / ₄ 1.14
	foguntum 2.48 8.3 21 518 364; 364; 364; 364 https://doi.org/10.1000/10.1000/10.1000/10.1000/10.1000/10.1000	Acomption 0,72 25 46 4832 4212 4512 Acomption 0,75 6 134 512 814 514 Acomption 0,75 2236 5314 5114 5212 Acomption 0,34 23 2035 5312 3012 5212	+10 Emici 22 210 7% 7½ 1½ 150 Emac Sin 17 800 22¼ 21½ 1½ 1¼ Emac Sin 21 4212 15½ 14¾ 15¾ 15¾ 15¾ 15¾ 15¾ 15¾ 15¾ 15¾ 15¾ 15	712 32 Marton Dr. 55.3108 912 914 2214 42 115 Marton Cp. 9 17 80 80 142 -15 Marton Cp. 9 17 80 80 143 -15 Marton Cp. 9 17 80 80 143 -15 Marton Cp. 9 17 80 80 144 Marton Cp. 9 17 80 80 145 Marton Cp. 9 17 80 80 14	99 61 61 61 62 62 62 62 62 62 62 62 62 62 62 62 62
237, 201, Shahashri 1,44 61, 12 48 251, 23 22 14 15 Shahashri 1,44 61, 12 48 251, 237, 241, 247, 18 Shahash 0,40 1,7 9 184 241, 237, 241, 241, 241, 184, Shahash 1,22 5,4 12 37 272, 223, 251, 34 251, Shahash 1,22 5,4 12 37 272, 223, 251, 241, 241, 241, 241, 241, 241, 241, 24	nego 0.24 1.1 21 3146 214 21 214	APP Sto 51 1886 111 105 1114 Apple Stor 743132 271 281 281 281 Apple C 6.68 331816 241 227 2312 Apple 6.05 27 2219 3112 30 31	-14 Bothelies 11 247 Ph Shi -15 Expedit 0.16 21 320 34 3214 +12 Exception 5 32 Shi Shi	95, +3, 14, 15, 1504 37 367, 3 333, Matria ist 2008 67, 1612 65, .1, Matria ist 1813629 347, 32	54 -14 Shitchfair 11 190 5% 5½ 5% +1a Shitchfair 11 190 5% 5½ 5% +1a Shitchfair 14 84 17 16% 16% 5% 50000½? 53 783 16% 15% 16% 4%
394 214 Storther 176 4.5 13 185 384 39 394 44 784 585 Thurs 1.20 1.8 13 450 755 774 775 38 164 185 185 185 185 185 185 185 185 185 185	19 3035 384 374 364 4 4 4 4 4 4 4 14 14 14 14 14 14 14 14	Antor Dr.x. 028 20 414 214 204 21 Abstrat 024 13 422 10 842 9% Argonaut 1.46 12 242 3042 284, 3044	44 44 42	McGrath R 0.56 14 127 264, 257, 2 McCornic 0.56 22 5383 2212 214, 2 Medex inc 0.18254 1574 2155, 15 1 Medianing 0.24 14 23 77, 74	2 ¹ 4 + ¹ 8 Spontos 81 862 8, 84 91 + 14 Shorter 0.00 to 16 241 24 24 241
14 5% Spherod 0.04 0.4 0.4 6 5% 9% 9% 5% 5% 15% 100mt GP 0.20 0.2 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5	narcom 0.2270.7 0 43 3 3 3 styles 1.18 4.8 12 29 24½ 24½ 24½ 44½ 44½ 45½ 44½ 45½ 44½ 45½ 45½ 45½ 4	Arson M - 0.84 43 1535 17 15 18 ² g : Arsold in 0.44 18 677 16 ² g 15 ² g 18 Arsholt 5 2550 7 ² g 8 ² g 7	-12 Feature 0.02 57 1757 47 46 +1 PP lat 87 2104 (37%, 37%)		5% - 2 Simpson 0.40 12 611 410 3 10 10 4 4 4 2 2 2 2 4 1 1 1 1 1 1 1 1 1 1 1 1
507 347 Square 1.00 2.5 13 440 404, 404, 404, 404, 41 7 67 Indight 0.12 2.1 177 57 54 54 55 44 1875 475 48 377 187 187 187 187 187 187 187 187 187 1	th 1.86 2.7 22 1652 51 2 51 2 51 2 51 2 1 2 1 2 1 2 1 2 1	Aspectific 42 2442 36 56% 57% 457 Asi Pentir D 1822 45% 452 4,32 Asimon 23 5 1315 1215 1215 1215 1215 1215 1215	-11 PROVINE D 342 33 33 44 134	54 + 19 Marcary 6. x C.RE 12 282 4812 4812 4812 4813 1874 1875 1876 1876 1876 1876 1876 1876 1876 1876	1 ¹ 2 + 1 ² 2 Southern 0.86 12 1376 3014 3014 3019 10 1 ¹ 4 - 19 Spingel A 0.20227 675 7 814 612 - 1
194 124 Sin Menter 0.22 2.5 12 80 1492 1493 44 7 34 19en 7 0.70 1.7 7 616 57 55 57 44 27 300 18e 175 57 58 58 57 44 27 300 18e 175 57 58 58 58 44 16 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	r ba: 1.88 4.8 13 189 38년, 38년, 38년, 그룹 138 2.5 20 1883 51권, 51권, 51권, 12월, 2년 888 - 0.05 0.5 11 28 5억, 5월, 5월, 2월, 2월	Atmid 1655380 29 27 ⁴ 4 27 ⁵ 2	-% First Ass. 1.24 11 1052 467g 467g +1	60 + 1	1,7 +1 Staples 267267 u2212 2014 2014 +1
254 24 25 25 26 27 28 26 2 27 26 26 27 26 26 27 26 26 2 26 2	ALK 0.005 2.7 20 734 204, 347g 25 -4g 25 27 27 24 25 27 27 24 25 27 27 24 25 27 27 24 25 27 27 24 25 27 27 24 25 27 27 24 25 27 25 27 2		Fishment 1,06 19 2802 31 2 30 4 Fishment 1,06 19 2802 31 2 30 4 Fishment 28 1199 36 4 25 2 8 Fishment 17 272 8 2 8 Fishment 22 86 8 4 6 4		사 수 등 Std Mittro 11 2502 14 k 13 13 등 수 등 원급 수 급 Shed Tac 0.10 15 163 12 등 12 년 2 수 등 원고 수 원 등 Shelq (154 0.20 1 258 3 2 년 3
125 104 Shripton x 0.22 2.8 11 11 12 115 115 115 115 115 115 115 11	KTz 0.60 1.8 23 5366 53 32 2 35 35 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	B 51 E x 0.08 31 270 10 ¹ 2 10 ¹ 2 10 ¹ 2 10 ¹ 2 Balar J 0.08 2 45 5 ¹ 2 6 ¹ 4 6 ¹ 4		8/1 +/1 Michellouin 0.50 57 73 135 135 15 15 57 Miller H 0.52 21 807 305 30	H ₄ -1 Standard 1.10 21 727 1812 18 1814 +14 39 -2 Standard 0.1116 3 2 2 2 3 +2
27°- 28°- ScoreState 0.60 1.8 37 38 32°- 32°- 32°- 32°- 32°- 32°- 32°- 32°-	# Wilde 0.70 0.5 100 224, 227, 227, 227, 100, 100, 100, 100, 100, 100, 100, 10	Bioveri, B 0.40 8 3 18 ² g 18 ² g 18 ² g 18 ² g 5mg/F. 1181 4 ² g 4 ² g 4 ² g 4 ² g 5mg/Er. 25 34 20 ² g 20 ² g 20 ² g 18 ² g	Pat Haves 1,78 11 886 30 29 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	25 ⁶ 2 + ¹ 2 Minnisch x C10 22 211 15 14 14 14 15 ⁶ 2 + ¹ 2 Michie 7ei 8 3574 14 ⁵ 2 13 ⁵ 2 13 25 ⁷ 3 + ¹ 3 Minnisch C2 0.24 18 16 10 ⁵ 2 10 ⁵ 2 10	24 Styles 0.05 27 4101 27 4 28 4 28 4 - 4 25 10 12 Steller 0.05 27 4101 27 4 28 4 28 4 - 4 26 12 12 13 32 10 5 10 5 10 5 10 5 10 5 10 6 26 14 15 16 17 18 18 18 18 18 18 18 18 18 18 18 18 18
27 13%, Samu Renr 0.00 3.8 16 581 20% 20% 4% 4% 40% 20% theam 0.75 1.8 8 2000 40% 40% 40% 40% 50% Samu Renr 0.00 3.8 16 581 20% 20% 3.00 3.00 3.00 4% 40% 40% 40% 40% 40% 40% 40% 40% 40	Sector 0.32 1.0 9 554 314 304 304 327 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Banknorth 1.00 17 19 36 ¹ 2 36 ¹ 2 36 ¹ 2 Banks Geo 0.44 14 1177 24 ¹ 4, 22 ⁵ 4 22 ⁵ 2 Banks Pat 0.80 14 147 26 ¹ 5 27 ¹ 4, 26 ¹ 5	다. 나	Modern MF 0.65 13 172 274, 261, 26 Molern 0.08 22 967 324, 314, 32 Molern Dec 0.06 34 932 324, 347, 34 Molecom 0.04 52 1032 12 111, 11	10 Sun Sport 3 19 25 24 25 -3 75 -3 Suntific 2578655 51 19 58 14 61 +2 12
11/2 10/2 Senorem 1.10 10.3 8 48 10/4 10/2 10/3 10/3 10/3 10/3 10/4 10/4 10/2 10/3 10/3 10/3 10/3 10/3 10/3 10/3 10/3	-X-Y-Z-	Day View 0.80 58 150 37 ¹ 4 37 37 ¹ 9 9E Arm 6 2109 18 ¹ 9 18 ¹ 9 18 ¹ 4 Beauticos 0.42 20 300 s10 ¹ 2 10 10 ¹ 2	6 MApp 35 50 원을 2점 GBK Serv x 0.07 28 1002 29시 29 2 나 Berton / 5 226 9시 3년 나 Berton / 1 315 원 경	ASS. Marrier B. 630 44 450 001, mpt. 50	14 +14 Swift Ten 0.07 26 536 27 14 21 21 2 20 System inc 51 7607 1612 1574 1675 -14 14 +14 Symanisc 13 2585 1114 1015 1012 -12
41 2 28 milet 1.50 4.0 13 1047 4012 40 4012 12 12 12 12 11 10 12 12 12 12 12 12 12 12 12 12 12 12 12	ma Egy x 1,300 čt 71 68 22 22 21 14, 214, -1g 1 kt 0,36 0,7 22 488 454, 454, 42 25 25 kt 0,14 3,8 10 79 35g 35g 35g 35g 1 ll 1138628 1592 1442 1472 +17g 2	Bend Starry 14 408 1914 1276 1914 Bertiny MR 2052 13 230 44 4814 4914 BRD Grp 0.12 13 38 1514 14 1414 Billing 16 1771 814 616 616	+10 Bissep 2000 161196 4412 4774 4 +10 Back Co D.16 5 77 754 754 Back Blook 0.44 16 6312552 23 2 +14 Garden 10 65 774 774	7월 <u>구</u> 일 3 ¹ 2 +월	Symmitry 0.35 B 248 17% 16% 16% 16% 5 passit: 67 419 3412 3212 2212 -112 5 passition 0.10 15 1836 11% 11% 11% 11% -1% 5 passionizes 25 1424 14 12 13% -1%
35% 27% Space 0.52 1.5 22 1845 34%, 35%, 34%, 34%, 34%, 4% Definition 2.58 8.4: 8 100 34%, 34%, 34%, 35%, 35%, 25%, 35%, 25%, 35%, 35%, 35%, 35%, 35%, 35%, 35%, 3	inc 0.72 10.3 100 17 ¹ 2 7 7 0.12 0.6 16 343 16 ¹ 2 16 ¹ 4 16 ¹ 4 16 ¹ 4 1 inix 0.40 1.6 19 75 22 21 ¹ 4 21 ¹ 5 1 ¹ 6	Ng.B 0.20114 5614 18 1 15 16 Bindley W 0.08 12 41 177g 1774 1774 Biogen 220 9030 877g 86 867g -	Service 1 3 1420 5 47g Service Cp 4.00 40 521 25 24 ² 2 2 1 ¹ / ₄ Service Inc 6 2708 7 ² g 6 ² g (49 245 374 3852 55 454 454 154 164 165 165 165 165 165 165 165 165 165 165	-T-
-T- 20% 11% USAr 0.12 0.7 8 4666 17% 17 174 - 1 " " "	70d x 0.04 10.0 448 6 ⁵ 2 5 ⁵ 4 6 ⁵ 4 - 1 8		-12 Genzyme 27 7270 227, 2212 2 Geobit Cm 3 2106 61, 87, -14 Genzimiii 114 8 471, 451, 4 -15 Shean St. 0.40 6 108 1312 1314, 1	Minister 0.00 9 122 18 187 ₃ 18 187 ₄ 18 182	7 + 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
2 34, TCST Piece 0.25 10.9 3 188 4 34 55 55 55 55 55 55 55 55 55 55 55 55 55	least for MVDE reflect the paried legs Jan 1 1984.	Both Greene 0.22 24 822 14 ² m 13 ² m, 14 800k & 8 18 62 25 ² m, 25 25 ² m, 800k & 8 18 62 25 ² m, 25 25 ² m, 800k & 67 6058. 7 6 ² m, 5 ² m, 5 ² m, 500k & 7 6 ² m, 5 ² m, 13	*** Shert A 0.40/13 147 13% 12% 1		12 12 8pA 582820 15 1 15 1 15 1 15 1 15 1 15 1 15 1 15
5° 5° 100 100 100 100 100 100 100 100 100 10		BRC Heige 17 213 3512 3512 3512 3512 3512	+ ² s Good Graye 23 827 8 7 ² s 1 ² s Good Graye 28 827 8 7 ² s 1 ² s Good Graye 0.80 22 682 22 ¹ s 22 ¹ s 22 ¹ s 1 ² s Grades Spe 8 177 4 ³ s 4 ³ s 4 ³ s 1	7% + 1 New Image 1 63 17 15 15 15 15 15 15 15 15 15 15 15 15 15	Totico Sps 10 1366 1814 1714 1714 1714 1816 1816 1816 1817 1816 1814 1714 1714 1714 1816 1817 1817
15% 8% Tencion 69 2522 12 11% 11% 65% 54% 108 11 1.10 1.7 17 680 65 64% 65 +1 smoothed with 8 51% 54% Tency 0.40 1.9 18 1999 45% 45 27% 17% 15 hd 8 31% 25% 25% 25% 25% 100 100 100 100 100 100 100 100 100 10	the caused executiveless report of may operating a Posses quote the code FISHER, Resp 0151 770 0770 arrivateding wishested by since of 151 770 3270 arrivated and 151 770 3270 arrivated 444 151 770 3270 arrivated 444 151 770 3270 arrivated 445 151 770 3220.	Bullets 12 8557 10 ¹ 4 c9 ¹ 2 10 ¹ 8 BulletesT 10 54 67 ₆ c9 ¹ 2 6 ¹ 2 Bury Brem 9 1046 20 ¹ 8 20 20 ⁵ 8	-14 Green AP 0.52 9 10 22 22 Grossman 0 962 175 175 175 175 175 175 175 175 175 175	22 +14 Nordson 0.72 18 217 521, 611, 521, 611, 521, 611, 521, 611, 521, 611, 521, 611, 521, 611, 521, 611, 521, 611, 521, 611, 521, 611, 521, 611, 611, 611, 611, 611, 611, 611, 6	1 +1 Test Tic 22 (5) 19 (5) 18% -1
27 23 1600 1500 1 1.71 4.0 14 127 2575 2574 2574 2574 2574 1554 1553 1 1554 1553 257 2574 2574 2574 2574 2574 2574 2574		Bulletiff 0.40 B 42 25%, 28 25%, -C -	6th 7 Svg 15 900 12 1g 1	Fig. +16 N Ster Un 8 12 71g 71g 71 12g -12 NeythnTint x 1.24 15 2417 67 6414 6 186f Air 9 4543 37 361g 361	2 "75 73 12 204 8½ 8½ 8½ 8½ 1½ 55 5-2 TJ intx 0.52 9 256 17¼ 18¾ 17 +¾ 1 1000-40 0.08 21 27 11¾ 10¾ 11¾ +¾
: 38년 27년 Telmet 0.85 2.6 132(330 33년 22년 33년 4년 10 USX Outh 0.20 1.4104 48 14년 14년 14년 14년 1 52년 30년 Teophi 1.28 2.5 12 1218 51년 51년 51년 12 30년 25년 Milliourp 1.78 8.3 12 22월 2월 27년 27년 1년		Clinc 43 270 27 25 ¹ 4 25 ¹ 4 4 Cardiciseps 1.06 16 16 32 ¹ 2 32 ¹ 2 32 ¹ 2 4	- M Indiaglas 31 98 51, 8 8 - Harloyd x 0.84 10 36 2674, 2614, 26		2 - Tom Brown 127 1121 17 182 183 + 3 Tombélen 411 2232 2134 2234 + 134
			-S Herper Co 0.24 16 654 204, 197 ₂ 20 -S He0 & Do 0.16 6412365 39 ¹ ₂ 57 ³ ₂ Hestricar 10 3167 417 ₅ 40 ³ 4, 40 -S Heatricar 0.05 14 139 10 ³ - 97 ₅ 10	59 41 - 0 -	TPI Enter 5 182 3 ¹ 6 3 3 3 Translettit 2 289 5 ¹ 76 5 ¹ 7 5 ¹ 7 1 1 2 289 5 ¹ 7 5 ¹ 8 5 ¹ 7 5 ¹ 7 1 1 2 285 5 4 ¹ 7 4 ¹ 8 1 1 3 53 53 53 53 1 1
AMEX PRICES		Conden 19 46 2,7 2 2 2 2 2 Communica 0.52 52 165 56 4 56 2 56 4 56 4 56 4 56 4 56 4 56		도 나	7/minutes 337 1495 1876 18 1876 -12 17 Troopsin 18 52 5 45 5 14 Troopsin 18 52 5 45 5
Stock Die, 8 180s Nigh Low Close Clong Connect Poly 14 16% 17% 18% 19% Connect Poly 14 10 6% 6% 6% 6% 18% 18% 19% 17% 18% 17% 18% 17% 18% 17% 18% 17% 18% 17% 18% 19% 19% 19% 19% 19% 19% 19% 19% 19% 19	Stock Dis. E 180n High Low Close Chap Co. HATE 6 362 97 97 97 47 10 Co. Personn & 0.10108 2827 108411012 107 118 118	Casey S 0.10 16 5879 17 ¹ 2 17 ¹ 8 17 ¹ 2	Herbit 0.80 16 1617 15% 14% 15 Hotogic 46 1284 404, 38 3 Home Bent 0.88 12 3 264; 264; 26	14 - 14 Opistay 제조 1.40 7 16 43 ¹ 2 43 ¹ 2 43 ¹ 2 18 - 2 ¹ 4 OnisCu	Tyefds 0.12 28 3138 25 25 \ 25 \
Amber Pa 1.04 4 7 889g 38 38 -14 Cable 0.38 17 37 199g 191g 144 Instruction 0.38 3 877 97g 97g 144 Cable 0.38 17 37 199g 191g 144 Instruction 0.38 3 877 97g 97g 147g 147g 147g 147g 147g 147g 147g 14	PMC 1.12 12 46 14 15% 15%	Chirl Fish x 0.66 13 320 26%; 25%; 26%; + Chirl Spr 8 67 19 17%; 18 +1 Chandler 13 301 6%; 8 6%;	-s Hon inds 0.48 23 884 u403, 383 ₂ 39 -s Heart JS 0.22133 1041 163 ₅ 18 -t Heartingin x 0.80 13 477 233 ₅ 227 ₆ 23 -t Husto Ca 0.08 8 166 63 ₅ 53 ₄ 53	66 -de Ontentoro x1.20 10 30 33 32½ 32½ 32½ 32½ 32½ 4 3½ 4 4 3½ 4 4 3½ 4 4 4 4 4 4 4 4 4 4	
ASR bres x 2.00 8 30 1874 1879 1874 +19 Asrpects 14 28 519 5 510 1874 Dillinois 8 507 174 759 174	S.W Corp 2.22 8 4 36 4 36 26 4 + 1 Cr	Chemish 0,000 51468 514 654 614 CheckOds 1,3135 114 114 114 Chemish 14 180 1814 1914 1914 41	3 Husehilech 16 1015 394, 37 36 Hyteridox 3 584 8 73 71 14 Hyteridox 40 526 44, 64	Orbestel 0.59 10 109 12 ¹ 4 12 12 Oragonillet 0.31 77 2020 34 ¹ 2 33 ¹ 2 34	to take many as your ask on any
AuthorPDR 39 5 54 34 34 44 45 54 54 54 54 54 54 54 54 54 54 54	Tethorius 0.40 18 511 41 4 41 41 41 4 4 4 6 Ca Thermodes 41 317 26 26 25 4 25 5 4 6 Ca Thermodes 30 56 38 37 2 37 2 2 Ca	Chemposet 0.72 29 10 57 ₈ 57 ₈ 57 ₈ 57 ₈ Chiposite 1011782v133, 123 ₂ 123 ₄ 12 Chim Cp 32 5910 193, 193, 193, 13 Chim Ru x 1.48 14 772 583 ₂ 573 ₂ 583 ₅ 1	ia 5a BRSps 18 432 15 ² 2 15 15 ₁	Ostrap 2 1571 44 44 44 44 44 44 44 44 44 44 44 44 44	US Robot 3238919 68 64% 66% -1% US Servis 4 163 3 62% 2% -1%
Batcher/T A 0.04 20 182 3 27 27 8 50tope 25 348 147 157 157 157 157 2 126 23 208 23 208 51 51 51 51 51 51 51 51 51 51 51 51 51	100m2	Gircon 58 680 1814 1814 1815 Cintellat 1413847 1874 1512 1512 -11 CascoSys 4365468 6114 59 5874 +1	k Imperio 0.40 8 171 u284 27% 2	1 Oxford 100 5015201 4812 4558 4734 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	
Bo-Rad A 12 185 2812 275 2815 +1s Ross A 2.40 15 33 5214 5214 5212 +1s Marconn 7 39 4315 4214 4315 +1s Bosconn 10 70 15g 15g 15g Forestin 16 429 3814 3512 352 352 -1s Marconn 0.52 12 165 3214 3115 3214 4115	Defrude 0.23 23 60 17 17 17 CH	Ciz Beacy 1.16 20 534 47 ³ 2 46 ⁷ 4 47 ³ 4 4 Close Hit 2 687 3 ³ 2 2 ⁷ 8 3 ³ 4 4 Close Do 18 353 38 ³ 4 32 ³ 4 32 ³ 4 - Conscole 1.00 21 18 37 ³ 4 37 ³ 4 37 ³ 4 1	Indicate: 3751889 283 274 274 275 Inglested: 0.58 72.5573.0145 143 143 143 143 143 143 143 143 143 143	Table 1.00 5 172 47 ¹ 4 45 ¹ 4 46 ¹ 4	-1 ₄
Catprop 1 2 % 15 15 Carell 0.50 15 17 1712 1672 1776 Metald 7100 62 62 62 62 62 62 62 62 62 62 62 62 62	US Commul 17 29 30% 30% 30% 30% -4 Co Co Macconst 179 436 35% 34% 34% -3 Co	CodmAlares 5 614 3 ¹ 2 63 ³ 2 3 ³ 6 ¹ Cognex Cp 22 8800 76 ¹ 4 14 ⁷ 2 15 ³ 4 + ³ Cognes 30 1708 28 28 ¹ 4 28 ³ 2 - 1 ³ Cohmunt 15 1886 38 37 ¹ 2 37 ³ 4 + ³	longuantes 4 450 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Parametric 4914888 51 4 4912 4914	Valuation 0.40 17 258 x35-14 35-14 35-14 4-14 Valuation 0.40 17 258 x35-14 35-14 35-14 4-14 18x1772 1734 -14
Constroid 0.00 15 2 21% 21½ 21% 2 50 000 15 2 21% 21½ 21% 16 16 16 16 16 16 16 16 16 16 16 16 16	Col	Cologue		-14 Penn Tity 15 795 24 2312 2372	Ventione 32 43 481 ₂ 481 ₄ 481 ₅ -1 ₆ Vicor 37 881 251 ₆ 241 ₂ 245 ₆ VicorPhat 0.12 23 53 141 ₆ 141 ₆ 141 ₇ +1 ₆
	Cor Cor	ZmosskSp x 0.08145 8081 161, 1513 16 -1 Committees x 0.76 13 573 391, 381, 39 +1 Commet 34 284 281, 281, 281, -1	integris 22 1016 10 ³ 1 10 ¹ 2 10 ⁵ intertesi 15 1091 3 ³ 4 3 ³ 8 3 ³ 1 intertesi 42 1442 8 ³ 8 7 ² 8 8 ¹ 1	-18 Pentar 0.50 17 115 293 294 294 29418 Pentack! 4 308 14 15 14 15 14 15 14 15 14 15 14 15 14 15 14 15 15 16 16 16 16 16 16 16 16 16 16 16 16 16	**************************************
	Com Com	Comprisive 7 981 B ² g B ² g B ² g B ² g Companione 737 3292 147g 147g 147g 147g 147g 147g 147g 177g 17	loranga Cp 5130501 15 14 ³ 4 14 ² 4	Peoples H 0.68 11 1584 23 ¹ / ₂ 23 ¹ / ₄ 23 ¹ / ₅ 23 ¹ / ₄ 23 ¹ / ₅ 23 ¹ / ₄ 23 ¹ / ₅ 23	- W
Have your FT hand delivered in	Cni	Coesillum: 16 61 6 5%, 6 +1, Coesillum: 28 1842 22%, 21%, 21½ −1; Cocsil 0.50 20 2024 23¼, 22%, 23½, Copyright 84 788 6%, 6½, 6%		+Sig Properties 25 1222 1714 1614 1715 Properties 13 539 13 1214 1214 Properties 0.48234 11 5ig 9ig 9ig 9ig	12 Warmer En 0.09 16 177 16 ¹ / ₂ 16 16 16 16 14 14 14 15 16 16 16 16 16 16 16 16 16 16 16 16 16
	Cox	2000	- J. Jaj Sneck 15 183 107 ₈ 107 ₈ 107 ₈ Janon Inc. 028 15 164 74, 74 ₂ 74 ₂	Pochereio 45 5713 37 3572 3572 7572 7572 7572 7572 7572	Waussin PM x0.22 21 1097 201 ₂ 191 ₂ 201 ₈ +5 ₂ W0-40 2.48 17 32 48 471 ₄ 48
Financi	Core	2004 Pines 45 1053 8 ³ 2 5 ³ 4 6 ³ 5 + ¹ 2 2000 32 1296 14 ³ 4 14 ¹ 2 14 ³ 4 2004 10 9 ³ 2 9 ¹ 2 + ¹ 4	JLB lext x 0.04 19 4125 19 2 18 18 4 Johnson W 42 77 15 14 7 14 14 3 Jones let 17 328 13 7 13 12 13 4	Phoer 76 716 137 ₆ 127 ₆ 13 +14 Phineis 106 1479 28 ¹ ₂ 27 ² ₆ 27 ² ₆ +16 PLDTel 8 281 7 ² ₆ 7 ¹ ₆ 7 ¹ ₆	103 3932 29 2914 2918 12 12 12 12 12 12 12 12 12 12 12 12 12
		gds: 12,8776 14월 13월 14월 수 gdogan: 4,2706 6 5월 5월 수		114 Franch 0.60 9 24 21 2 21 2 21 3 21 3 21 3 21 3 21 3 2	Worthinds 048 19 5773 195 185 195
Gain the edge over your competitors by having the Financial Times de or office every working day. Hand delivery services are available for a	ill subscribers in the 🚆	- 10 - SCCm 2511535 284, 274, 274, -14 ext6rox 0.15 9 60 94 584, 94 -2	-K-	Presental: 176 1099 60 ¹ 2 50 ¹ 4 60 Political: 1713799 20 ¹ 4 197 ₆ 197 ₆ Pritter Pat: 22 4989 14 ¹ 2 13 ¹ 4 137 ₆	WFP ADR 0.23 20 312 3774 3674 3874 474 374 3874 474 374 374 375 3874 474 375 3874 474 375 3874 474 375 3874 474 375 3874 3874 3874 3874 3874 3874 3874 3874
business centres of Helsinkl and Espoo. Please call +49 69 15 68 50 fo	r more information.	utata 2 285 35 34 35 4	K Swins 0.08 30 114 10,72 10 10,72 Kemen Cp 0.44 11 173 10 ⁵ g 10 ¹ g 10 ¹ g KnBy Sv 0.84 15 236 28 ¹ g 28 ¹ g 28 ¹ g	+1.7 Printropi 17 281 1432 1334 14 -1.8 Prod Ope 0.28 38 78 3712 3834 3834 -2. Quantor Circr 0.68 18 867 14 1272 14	- X - Y - Z - Xim
Financial Times. World Business Newspaper.	Dek Dek	00 S200pu 1,227 17 25 5%, 5%, 5%, 5%, 5%, 5%, 6% elcalo 8a 0,228 36 405 38%, 37½, 37½, 37½ elchempe 0,44 38 312 20½, 19¾, 19¾, 1½, 1½, 1½, 1½, 1½, 1½, 1½, 1½, 1½, 1½	KLA heat 810162 21½ 20½ 20⅓ Kuli A 0 422 ½ Å Å	-14 Open Food 0.20 20 313 3112 3014 30.59 -	-52 Xoma Corp 8 2111 63 64 64 64 +.11

Arrange was

t home

reformed

renture r scheduk

* :

midn

Dow weakens on interest rate jitters

Profit-taking and interest

rate concerns sent US shares modestly lower in midsession trading on WALL STREET as investors awaited the outcome of Tuesday's meeting of the Federal Reserve's Open Market Committee, writes Lisa

At 1 pm the Dow Jones Industrial Average was off 15.91 at 5,872.92 and the Standard & Poor's 500 had lost

The American Stock Exchange composite fell 0.64 at 566.52. NYSE volume was 219m shares.

Shares remained jittery about next week's FOMC meeting, especially in the wake of last Tuesday's reports that a majority of nds of the Fed's regional branches favoured an increase in the discount rate. Those concerns rattled the bond market on Tuesday, but had little effect on share

Also troubling to the market were figures showing a large jump in the US trade deficit, due mostly to a decline in exports. That data suggested that export sales at US companies might be takeover bids from two rival

lower than previously real estate trusts and altered

The technology-rich Nasdaq composite was nearly flat, with a gain of 0.01 at \$% at \$23%. 1,203.32 as gains in some of tion issues offset losses among smaller, more volatile companies.

Microsoft, the largest company on the Nasdaq added \$1% at \$135% and Oracle was \$1 stronger at \$42%, while Netscape Communications lost \$4% at \$41% and US Robotics shed \$1% at \$66. Elsewhere, Tambrand

gained \$21/2 or 6 per cent at \$44% after announcing that it planned a streamlining that would lead to the closing of four of its worldwide production

TWA fell another \$% after its loss of \$1% on Tuesday bringing its shares to \$10%. Early yesterday the carrier announced that the crash of flight 800, rising fuel prices and several other factors would cause third quarter results to be below those posted in the same period last year.

Chateau Properties lost \$1% or 5 per cent at \$25% on news that it had rejected

the terms of a proposed acquisition by ROC Communities. Shares in ROC slipped

TORONTO moved narthe index's larger capitalisa- rowly in moderate trading volumes. Dealers said very few leads came out of Wall Street during the morning session and at noon the TSE composite index was 1.90 ahead at 5,270,38.

SOUTH AFRICA

After two days of gains, out of steam with both industrial and mining stocks moving lower in thin

Pushed lower by modest profit-taking, the overall dex came off 36 to 6,911.1. Industrials shed 56.5 to 8,155.2 and the golds index dipped 20.2 to 1,756.3.

Dealers said a day of consolidation was not surprising since the market had been "running ahead of itself" after the expiry of the lead index future on Monday. There had also been renewed worries about bullion prices and the fresh speculation over US interest rates was said to have been

son group.
Michelin ran into profittaking after its recent, results-driven rally. The shares ended off FF17.9 at FFr257.3. Pernod Ricard rose

Budget details and the

currency markets kept

French traders pinned down

yesterday and PARIS traded

narrowly in dull volume in

sotte of a number of strong

Both Alcatel Alsthom and

Pernod Ricard shot forward,

with the former up almost 3

per cent. But it was not

enough to deflect the overall

downtrend, and at the close

the CAC-40 was off 8.13 at

Alcatel Alsthom, which

has fallen more than 6 per

cent over the past month,

jumped FFr11 to FFr386.4

after the company said that

it would aim for an alliance

with an Asian partner, if its

offer for the Thomson group

Alcatel is competing with

Lagadere for the heavily

indebted Thomson. Joint

venture links are seen as one clear way of mitigating the

financial burden of any take-

over. Lagadere eased FFr2.20

Thomson-CSF shares were

up FFr2.90 at FFr154.4, as

traders speculated on the

level at which minority

shareholders were to be

bought out following any

successful bid for the Thom-

to FFr119.5.

2.072.73.

individual performances.



FFr4.0 to FFr294.0 after budget alcohol duty increases came in as expected.

ZURICH gave a warm welcome to SBC's plans to restructure its Swiss business and for a radical change in its provisioning method considerably reduce the bank's long-term earnings

The shares rose SFr4.75 to SFr241.50. Other banks were weak early in the day on switching into SBC. By the close, however, they had overcome the weakness on the view that they would be likely to take similar measures. UBS rose SFr16 to SFr1.160 and CS Holding was SFr1 higher at SFr123.75.

The broad market was flat with the SMI index 0.1

kerage dealers placed buying

In Osaka, the OSE average

SYDNEY closed lower on

base metal price worries.

The All Ordinaries ended off

19.3 at 2,235.1, after touching

ahead of Friday's first quar-

BHP was heavily traded

fell 87.49 to 21,992.14 in vol-

ume of 120.3m shares.

a session low of 2,254.4.

long decline, giving up SFr5 to SFr1,384 Adecco tumbled SFr11 to SFr337, following Manpower's downward path overnight in New York. The US temporary employment group lowered its earnings estimates on the back of weakness in the French economy in the third quarter of the year.

Paris enlivened by Alcatel rebound

MILAN was again dominated by Olivetti as the troubled company responded to the bourse watchdog's request for further financial information and as speculation mounted that the chief executive might be replaced at an extraordinary board meeting after the market

The stock was suspended for the first two hours of the session to allow the market to absorb the information provided by the company. spent much of the session suspended for excessive gains. The stock registered a st valid price of L510.7, up

The broad market was weak, further pressured by a corruption inquiry involving the head of state railways, which, an investigating magistrate indicated, could widen to involve major political figures. The Comit index fell 5.87 to 597.29.

Against the trend, Gemina rose L56.9 to L714.5 on Tuesday's announcement that the holding company swung drove the data services to a profit in 1996's first half. group up FM20 to a record

FT-SE Actuaries Share indices Open 10.30 11.00 12.00 13.00 14.00 15.00 Close FT-SE Burotrack 100 1695,80 1696,07 1696,48 1696,17 1695,59 1694,49 1680,17 1695,36 FT-SE Burotrack 200 1764,25 1765,50 1765,32 1764,82 1765,07 1762,47 1762,24 1761,43 Sep 12 Sep 11 Sep 17 Sep 16 Sep 13 7675.88 1685.88 1747.46 1735.18 1687.91 1698.93 17:05.78 17:1.51 17:53.70 17:77:79 17:33.78 17:3

with the DAX index dipping 5.23 to an Ibis-indicated 2,621.20 and trading narrowly ahead of tomorrow's futures expiry. Turnover was described as moderate with most traders keeping their books level in the run up to expiry of the DAX September future contract. Where there were selling pressures, these were said to

have been modest. Motor shares were steady with Daimler-Benz making good earlier losses to end up 35 pfennigs at DM83.70. AMSTERDAM traded quietly, with the AEX edging

lower in thin volume. It closed off 1.11 at 563.16. Heineken continued to gain ground, rising Fl 1.00 to Fl 306. Polygram rose 90 cents to F193 on the back of the recent strong performance by Philips. Nedlloyd fell 80 cents to Fl 44 after a

negative on the shares. HELSINKI saw brisk demand for TT Tieto which drove the data services

or 1.3 per cent to 1.379.17.

TAIPEI finished higher

with the weighted index up

20.58 at 6,499.02. Acer was

the most active stock, gain-

stock market debut, rising by the daily 7 per cent limit

from its flotation price to

HONG KONG closed mod-

estly easier, off the day's

lows but just below its

important resistance level of

11,600 points, as profit-takers

The Hang Seng index fin-

and bulls struggled to dic-

tate the market's direction.

Acer Sertek made a strong

ing 90 cents to T\$40.1.

T\$37.4

number of brokers turned

FRANKFURT moved lower high of FM270 on foreign purchases attributed to a recommendation last week from Merrill Lynch,

got tell over

I wo long part

The Hex index fell 14.38 to 2,142.24, with the market unimpressed by the central bank's 15 basis point easing of its key tender rate to 3.10 per cent

BRUSSELS featured a star performance by Tractebel, the utility holding company, that jumped BFr700 to BFr14,800, above the BFr14,500 offer price from Société Générale de Bel-

SGB. BFr15 higher at BFr2,555, announced late on Tuesday that it had agreed to raise its stake in Tractebel to 65 per cent and to extend the offer to the remaining 35 per cent at a price of BFr14,500 per share. It also offered shareholders a free put warrant, exercisable at BFr14,500 in three years. The broad market was flat

and the Bel-20 index eased 1.5 to 1,754.65.

Written and edited by Michael

points down during the day.

rency A share index tumbled

5.3 per cent on heavy selling

triggered by rumours that

China's securities authori-

ties planned to accelerate

the pace of A share listings

BOMBAY was 2 per cent

higher on fund purchases of

index-linked stocks and the

BSE-30 index finished 66.64

ahead at 3,414.01. State Bank

of India bounced Rs12 higher

to Rs273 on renewed demand

ahead of the pricing next

month of the bank's \$400m

سالطة أألاة

GDR issue.

SHENZHEN's local cur-

Mexico City reverses decline

Mexico City reversed an early fall as foreign bargain hunters stepped in after Wall Street picked up 11.03 to 3,364.82 at midsession, further supported by strong demand from

C shares in Grupo Modelo, the brewer, advanced 3.9 per cent to 40.40 pesos after a long-term buy recommendation from the London-based broker, Kleinwort Benson, on

BUENOS AIRES was flat in hesitant trade ahead of the congressional debate on tax moderated its recent gains. The IPC index reforms. The Merval index stood 0.80 higher at 546.12 by midsession with investors anxious to assess whether President Carlos Menem would succeed in galvanising Peronist support in congress for his reforms. SAO PAULO was weak at midsession, con-

tinuing Tuesday's decline on lingering wor-

ries over US interest rates. The Bovespa

index fell 129 to 64,295.

EMERGING MARKETS: IFC WEEKLY INVESTABLE PRICE INDICES									
			Dollar terms		L	Local currency terms			
	No. ofSe	ptember							
Market	stocks	13th 1996	over week on		eptember 13th 1996	over week on			
Latin America	(249)	535.37	+1.0	+13.5					
Argentina	(31)	832.47	+1.6	+3.9	510,580.27	+1.6	+3.9		
Brazil	(68)	374.34	+1.5	+22.6	1,427.87	+1.7	+28.6		
Chile	(43)	705.87	+0.4	-5.7	1,164.41	+0.3	-4.5		
Colombia ¹	(15)	617.30	+1.8	+3.2	1,138,90	+1.4	+8.4		
Mexico	(86)	547,64	+0.1	+20.8	1,773.98	-0.8	+17.8		
Peru*	(21)	224.76	+1.8	+14.0	341.36	+1.7	+22.5		
Venezuela³	(5)	531,90	+4.1	+59.1	5,829.55	+4.2	+123.3		
Asia	(632)	250,18	+1.2	+7.8	-				
China ⁴	(24)	58,79	-0.5	+8.7	61.62	-0.5	+8.4		
South Koreas	(145)	96,37	~1.5	-23.5	103.99	-1.3	-19.0		
Philippines	(35)	308.25	+1.2	+18.8	390.50	+1.3	+18.7		
Tawan, China	(83)	148.09	+2.9	+31.3	152.87	+2.9	+32.3		
india"	(76)	87.27	42	+8.5	110.84	-4.1	+10.2		
Indonesia ^s	(44)	112,15	+2.5	+2.3	141.52	+1.4	+3.9		
Malaysia	(123)	316,68	+1.2	+16.8	292.08	+1.2	+14.9		
Pakistan*	(25)	212,79	-2.3	-12.3	358.19	+1.4	-5.0		
Sri Lanka"	(5)	84,34	+0.2	-9.3	115.27	+0.6	-4.6		
Thalland	(72)	287,30	+4.5	-23.6	289.83	+4.7	-22.9		
Euro/Mid East	(236)	139.27	+1.1	-1.7					
Czech Rep	(5)	74,50	-0.8	+24.1	65.78	-0.2	+23.6		
Greece	(47)	259.74	+1.8	+7.5	423.89	+3.3	+9.6		
Hungary ⁿ	(8)	175.36	-2.4	+78.2	324.80	-1.1	+100.7		
Jordan	(8)	182,31	+2.2	-1.3	272,38	+2.2	-1.2		
Poland ^p	(22)	757.11	+5.1	+77.6	1,327.48	+8.3	+100.5		

lact on calculated at end-week, and weekly changes are personage movement from the previous Finley, State date: Dec 1985±100 except on noted which are (IlFob 1 1891, CSDoc 11 1992; (SUan 5 1990; (Alboc 31 1992; (Suan 3 1992; GNan 4 1991; (Tyhor 6 1992; (SUan 5 1992; GNan 3 1992; GNan 4 1991; (Tyhor 6 1992; SUAN 5 1992; GNan 3 1992; GNan 3 1992; (Tyhor 6 1992; SUAN 5 1992; GNan 3 1992; GNan 3 1992; (Tyhor 6 1992; SUAN 5 1992; GNan 3 1992; GNan

+16.9

143,93

Gross Div. Yield

Greek shares continued on an uncertain path yesterday ahead of Sunday's general election, leaving the Athens general index down 3.17 at 963.47. Since the election was announced in August, the market has had a strong run, mostly in the tope that the present government will be returned with a stronger mandata. But over the reset government will be returned with a stronger

mostly in the hope that the present government will be returned with a stronger mandate. But over the past two days nervousness has crept in.

The Athens index, which stood at 873 two months ago, advanced by 5 per cent over the five days to Monday. Since then, it has slipped lower. "This is partly pre-match nerves and partly sensible profit-taking," said one analyst. Investor interest in Greece has steadily widened this year. After three years in power, the present government is seen as pro-business, and determined to bring the economy to a point where convergence with Europe can begin to look credible.

At 9 per cent of GDP, the budget deficit remains a problem, but inflation is in single digits, Greek tax collection has been improved and the drachma has been relatively stable. As one broker put it: "What this market is betting on is a clear mandate for Mr Costas Simitis, followed by a good strong budget statement in November."

FT/S&P ACTUARIES WORLD INDICES

Genada (117) Denmark (30)

italy (58) Jupan (481) Malaysia (107)

Singapore (44).... South Africa (44)... Spain (37).....

TOKYO saw profit-taking by domestic institutions after two consecutive days of steep gains, and the Nikkei index closed the day down 0.7 per cent, writes Emiko

6.66 point, or 4.2 per cent

ume totalled 406m shares

on the first section, declines led gains by 732 to 343 with issues remaining

in the week faced profittaking. Toyota Motor fell Y20 to Y2,760, Honda Motor lost ¥40 to ¥2,750 and Nissan Motor gave up Y13 to

Nikkei runs into domestic profit-taking

cents at A\$15.72. CRA came

BANGKOK continued to

fall in low turnover as the

censure debate in parliament

kept activity on hold. The

SET index ended down 12.32

A no-confidence debate

against the prime minister

began yesterday and is due

to last three days. The main

activity was said to have

been light profit-taking. Nei-

ther of the two recently

launched support funds were

session. A combination of

support for leading stocks

KARACHI had a strong

off 44 cents to A\$18.06.

at 1.038.03

ASIA PACIFIC

The Nikkei 225 average fell 153.84 to 21.156.75 after moving between 21,094.96 and 21,311.80. The Topix index of all first section stocks fell 7.48 to 1.597.48 and the Nikkei 300 index lost 1.19 to 298.05.

Salling pressure grew as

NEC, however, rose Y10 to Y1,200 on small-lot buying by domestic institutions and

vhich gained 5 per cent over the previous two days, fell Y5 to Y368 on profit-taking

| Dollar | Starling | Yen | Index | In

ished 27.58 lower at 11,594.03 ter results. It closed down 28 and short-covering hoisted the 100 shares index by 17.66 after trending as much as 95

Sanwa Bank rose Y70 to

Y2.060. The stock is scheduled to be included into the Nikkei 225 average next Tuesday and domestic investors with index-linked investments as well as bro-

In London, the ISE/Nikkei 50 index rose 0.14 to 1,433.24. Traders said that some domestic investors were realising profits on their hold-ings ahead of the September book closing, while dealers also took profits on their own accounts following the rise over the previous two

the 21,400 point level. Volagainst 423m.
Of the 1,287 issues listed.

Stocks which rallied on buying by foreigners earlier

High-technology stocks were also weak, with Tosh-iba retreating Y3 to Y730, Sony down Y50 to Y6,970 and Fujitsu losing Y15 to Y985.

reigners. Nippon Steel lost Y3 to Y345 and Kawasaki Steel,

Happy 5th Birthday

19 September '91



Average daily volume 1991

19 September '96

Average daily volume 1996

7,905

54,242

Thank you to all market participants for contributing to this outstanding success.

For further information and free data disks contact Cinzia Bottecchi or Francesco Margini on +44 171 379 2467/2762

or alternately view the LIFFE web site - http://www.liffe.com.

-0.1 242.85 177.31 200.39 -0.5 206.52 150.51 170.55 -0.3 305.96 228.58 252.68 1.7 153.50 112.16 126.76 0.6 175.48 128.21 144.90 -0.1 253.87 199.16 213.79 -0.6 185.12 135.27 152.38 0.5 278.75 202.22 228.55 0.6 177.09 129.40 146.24 0.4 201.35 147.13 166.26 -0.2 239.44 174.96 197.73 254.73 242.57 177.71 199.90 214.21 254.73 215.17 218.22 217.74 207.34 151.90 170.87 188.25 217.74 191.44 193.96 322.00 306.83 224.84 252.89 277.34 322.00 251.13 291.89 182.25 174.16 127.61 143.55 141.24 190.57 165.51 171.76 152.52 174.16 127.61 143.55 141.24 190.57 165.51 171.76 271.79 258.81 189.51 213.29 271.12 271.78 230.17 232.56 195.44 198.17 130.35 193.38 181.37 195.76 170.51 173.73 289.00 275.20 201.62 226.80 249.49 296.68 243.59 282.40 184.66 175.84 129.82 144.91 146.13 191.55 167.96 172.97 251.60 233.59 175.52 187.45 178.52 213.05 185.51 190.05 251.60 233.59 175.52 187.45 233.55 125.50 277.98 291.97 0.5 204.51 149.44 168.89 184.78 0.3 2,11 213.89 203.68 149.22 167.86 184.22 214.95 188.87 192.96

142.14 270.90 160.51